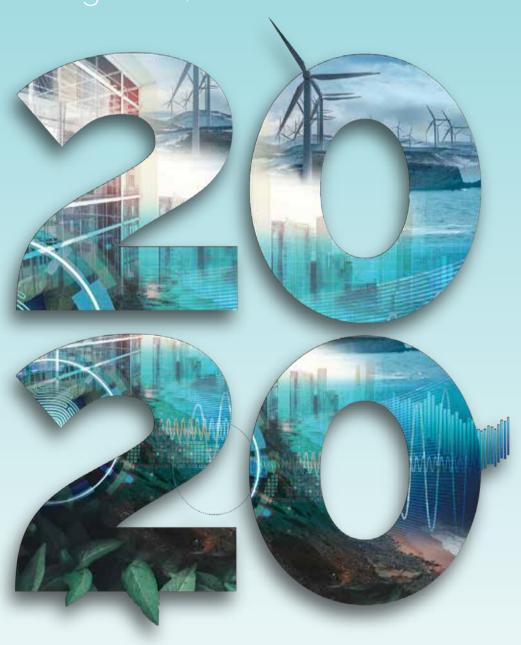
Annual Report

Pioneering ideas, sustainable investments...





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Into a sustainable future, with our corporate values...

Maintaining its consistent growth performance since 1981, Çalık Holding operates across 21 countries with more than 15 thousand employees in seven different sectors including energy, construction, finance and banking, textile, mining, telecommunication and digital.

Our aim is to provide continuous success through the development of innovative business models while keeping reputation and reliability always at the forefront. We continue to progress in strict adherence to our corporate values and we maintain our determination to realize pioneering projects for society and the business world through our sustainability approaches.

A QUICK GLANCE AT ÇALIK GROUP

Different geographies, innovative companies

Carrying out activities in 21 countries including Central Asia, the Balkans and the MENA region, Çalık Holding creates employment for more than 15 thousand people.

Çalık Holding
operates in seven
different sectors
including energy,
construction, finance
and banking,
textile, mining,
telecommunication
and digital.

Energy



Çalık Group leads the way
to numerous firsts in the
sector with its subsidiaries in
the field of energy through
investments in national and
international markets. The
Group provides services
with its subsidiaries in the
fields of EPC Power Systems,
Electricity Generation,
Electricity and Natural Gas
Distribution, Electricity Retail
Sales, Oil and Gas.

5.6

TL Billion Net Sales

4.8

TL Billion Shareholders' Equity

Construction



Gap İnşaat, Çalık Group's company operating in the construction sector, focuses on contracting and real estate fields in Turkey and abroad. The Company has achieved a reliable and solid position in the sector with its deep-rooted experience and numerous giant projects implemented. To date, it successfully completed 135 projects with a total contract value of USD 6.28 billion on an international scale.

1.8

TL Billion Net Sales

2.1

TL Billion Shareholders' Equity

Textile



Çalık Denim, producing fabrics that add vision to the Turkish and global textile industry, and Gap Pazarlama, with its wide production range through the strong supply network Çalık Holding has established in Central Asia and North Africa, continues to consolidate its sustainable activities pioneering the industry with R&D studies and new technologies.

1.

TL Billion Net Sales

136

TL Million Shareholders' Equity



CENEL MODORLOK



Minina

Çalık Group continues its presence in the industry with its competitive and high-standard activities in the mining field. Lidya Madencilik successfully continues its operations for more than 10 years with the deep-rooted experience of Çalık brand and the synergy created by the Group companies.

Telecommunications



Maintaining its leading position in Albania's telecommunications sector by skillfully adapting to new developments in the global industry, ALBtelecom became capable of selling infrastructure services to other players in the market thanks to its successful investments.

Finance

CALIK HOLDING



Çalık Holding achieves important successes in Turkey, Albania and Kosovo through its deep-rooted experience in the finance sector, its innovative vision, strong collaborations and high-quality service approach.

Digital



By providing digital transformation consultancy services included in its service portfolio to production companies in different sectors, Çalık Digital carries out important studies in line with its goal of becoming a "digital transformation business partner" for the production sector.

2.1

TL Billion Total Assets

1.5

TL Billion Shareholders' Equity 463

TL Million Net Sales

304

TL Million Shareholders' Equity **58.5**

TL Billion Total Assets

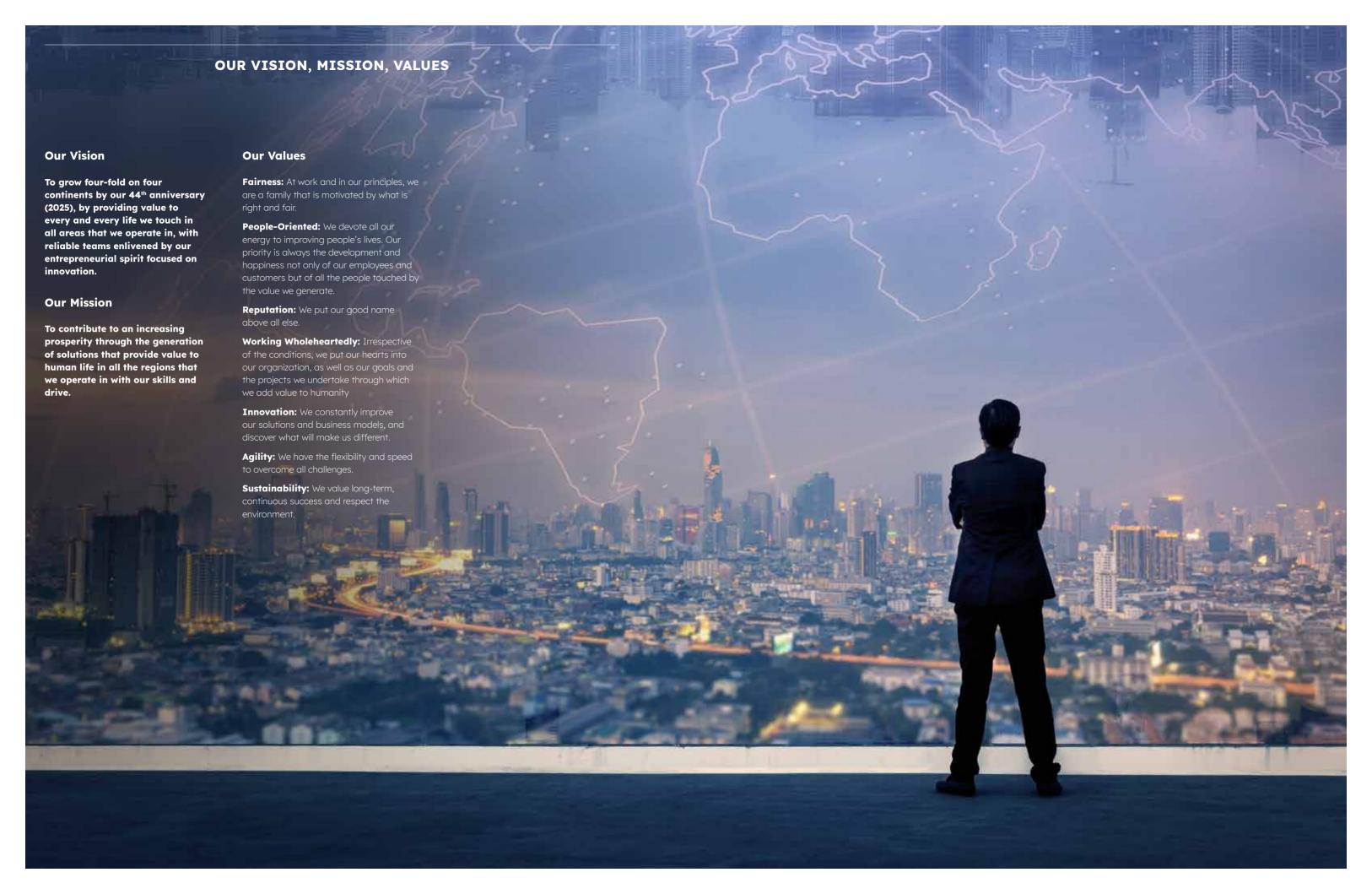
7.0

TL Billion Shareholders' Equity 16

TL Million Capital

8

TL Million Shareholders' Equity



DEVELOPMENTS IN 2020

Reliable solutions, value adding projects

Thanks to the measures and practices early and quickly implemented, Çalık Holding has continued to grow both at home and in other countries it operates.



International investments in the health industry

Burn Treatment Hospital and Cosmetology Center opened in Turkmenistan.

Gap İnşaat completed its construction projects of International Burn Treatment Center with 130 beds and the International Cosmetology Center with a covered area of 9,650 m² in Turkmenistan per the deadlines and opened them in 2020.

Gap İnşaat planned these two projects, whose constructions began in 2018, with cutting-edge designs required by the industry. Having them equipped with advanced technology devices and equipment, they were then put into service.

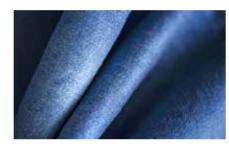


New international projects

The tender for the Cap des Biches Combined Cycle Power Plant in Senegal was won.

Çalık Enerji won the turnkey tender for the 300 MW Cap des Biches Combined Cycle Power Plant in Senegal.

This project of Senegal's largest and first combined cycle power plant is another one of the projects to be realized in Sub-Saharan Africa.



Innovation studies continue

E-DENIM and DYEPRO

With Dyepro, Çalık Denim added a new one to its technologies in 2020. The indigo dyeing phase is the most water-consuming step in the denim production process and thanks to the Dyepro technology specially developed by Çalık Denim, almost no water is used in production, and thus the formation of wastewater is prevented.

E-Denim, which comes to the forefront of being the first and only in the industry in terms of circular design, was launched in 2020. Thanks to E-Denim, it is ensured that the product is traceable as well as forever sustainable with a post-consumer recycled content positioned in the center of the fiber through a circular design approach.



Europe's largest gold mine

Çöpler Gold Mine, where Lidya Madencilik is a partner, celebrated its 10th anniversary.

While Çöpler Gold Mine accounts for 24% of the gold production of Turkey with 327 thousand ounces of gold production in 2020, it also maintained its position as Europe's largest gold mine. A total of 70 tons of gold has been produced in the facility since 2011 and a significant social and economic contribution has been made to the region.

The pre-feasibility study of the Ardıç Region, which is one of the mineralization areas newly discovered during exploration works in and around the Çöpler Mine, was completed; the significant amount of ore in the region increased the value and extended the life of the Çöpler Mine.



Two new partnerships with Japanese giants

Hitachi and Mitsubishi Corporation partnership

In 2020, Aktif Bank signed two different partnerships with Mitsubishi, one of the most reputable Japanese companies and then joined forces with Hitachi and Mitsubishi Corporation primarily to develop technology solutions in the cyber security and biometric verification fields. In this respect, the Bank, which introduced VeinID-Five technology to Turkey, also provides a career platform specific to the construction industry with Workindo, which was established in partnership with Mitsubishi and Çalık Enerji.



Rising market position

Commencement of studies for market groups

Gap Pazarlama continues to strengthen its market position by adding especially large market groups to its customer portfolio. The Company aims to increase its market share and profitability and strengthen its technological infrastructure in 2021.

Entry into e-commerce field with the DENIGMA® brand

Gap Pazarlama started its e-commerce activities in 2020 and added a new distribution channel to its network. While broadening its sales channels via products labeled with its own brand Denigma®, the Company also made significant progress in the e-commerce field.

DEVELOPMENTS IN 2020

Entrepreneurial and people-oriented approach

Çalık Group has always shown great sensibility to do work benefiting humanity and to realize pioneering projects for society and the business world.



"Passion for Denim, Passion for Life" sustainability strategy

Sustainability studies of Çalık Denim continue.

Having placed sustainability at the center of its business model within the scope of its "Passion for Denim, Passion for Life" sustainability strategy, Çalık Denim adopts this approach not only in its products but also in all its business processes. In this context, the company has made sustainability an important part of its business manner in all of its activities and in every project it is in contact with its partners.

The Sustainability Committee, which was formed to integrate the sustainability strategy into the business model and make it an integral part of the corporate culture, continues its activities at Çalık Denim. The Committee ensures that the 2025 Goals are realized and the progress in performance is followed.



"Best Customer Satisfaction Strategy"

Aktif Bank was granted the Bronze Award.

At the 14th Stevie Awards, which is one of the most prestigious award organizations in the world, Aktif Bank was granted the Bronze Award in the "Best Customer Satisfaction Strategy" category with the Communications Center processes and services it designed specifically for N Kolay Bono customers.



Success performance crowned with awards

The Best Bank of Albania and Kosovo Awards go to BKT.

BKT Albania was granted the "Best Bank in Albania for 2019" award by the British magazine Finance Central Europe in January 2020. BKT Albania's CEO Seyhan Pencabligil was chosen as the Best Banker in Albania for 2019, the "CEO of the Year" by Finance Central Europe in January 2020.

In March 2020, BKT Albania was granted the "Best Bank in Albania for 2020" award by the American magazine Global Finance.

BKT Kosovo was granted the "Best Bank of the Year 2020" award in Kosovo by Banker, a finance magazine published by The Financial Times.



A Turk among the award receivers given by PDAC

Thayer Lindsley Global Exploration Award from PDAC for the HOD Mine discovery

The feasibility studies for the Hod Mine Project, which is one of the important projects of Lidya Madencilik developed by the Artmin Madencilik company, were completed; land acquisition and EIA process were continued. In March 2020, Prospectors & Developers Association of Canada (PDAC) granted Hod Mine with the Thayer Lindsley Discovery Award, and thus the high potential of the Project became known worldwide and was certified.

It is aimed to start the construction of the Hod Mine Project at the beginning of 2022 and to commission the mine at the beginning of 2024.



Conservation of nature

Efforts to prevent birds from being harmed by power lines

Aras EDAŞ coated some parts of the electricity poles with plastic insulators to prevent the electrocution of birdlife. Thus, the birds are largely prevented from being harmed by power transmission lines. Feeding activities were carried out for wild and stray animals that had difficulty in finding food during the pandemic.

Sharing social media posts to expand the Zero Waste Project across its entire service region and to raise awareness among customers, Aras EDAŞ participated in certification programs on environmental issues and started carbon footprint calculations.



Efficient digitalization efforts

YEPAŞ and its digitalization activities

YEPAŞ prioritized its investments for digitalization in 2020. YEPAŞ's mobile application and the customer portal operating in integration with the website were implemented, and evacuation procedures were ensured to be carried out from the Call Center in order to make them more effective in business processes.

During the pandemic, YEDAŞ minimized physical contact thanks to its call center and EDAŞ Online channel, where subscribers can carry out all their transactions without coming to company headquarters. Performing field installations and system integrations within the scope of the SCADA Expansion Project, YEDAŞ increased the number of stations under SCADA by 226% to 538 with the addition of 373 SCADA stations installed in 2020.

MESSAGE FROM THE CHAIRMAN

High added value for our stakeholders

In 2020, we prepared our sustainability strategy roadmap with all our Group companies. We remain committed to increasing the global value we generate via our business operations in light of this strategy.

Esteemed Stakeholders,

As the COVID-19 pandemic affected the entire world throughout 2020, it had a profound impact on all areas of health, economy, culture and social life and digitalization accelerated in almost every facet of life. Initially, a moderate recovery was forecast in the global economy compared to the previous year. However, due to successive waves of the pandemic, countries around the globe imposed antipandemic measures and restrictions. As a result, many sectors of the world economy, especially the service sector, remained mired in an environment of long-term uncertainty.

The Turkish economy also experienced the negative impact of the pandemic and faced major economic and social challenges like many countries. Thanks to rapidly implemented precautionary measures, incentive packages and supportive policies, Turkey regained economic growth momentum in the third quarter. The effective governmental response coupled with higher foreign investment enabled Turkey to return to its positive economic growth path during the year.

As Çalık Group, we successfully navigated this highly challenging pandemic environment together. We saw that our agility – one of our corporate values – came to the fore while we effectively managed this unprecedented crisis. Thanks to a wide range of responsive measures implemented quickly, we continue to grow in our domestic and overseas business operations without interruption despite the pandemic.

We create value for our stakeholders with our sustainability approach.

At Çalık Holding, creating value for our stakeholders is a top priority. We firmly believe that creating long-lasting value is only possible with a sustainability-oriented approach. As a signatory to the United Nations Global Compact, which proposes universal principles to create a common development culture in the business world, Çalık Group companies conduct their business activities with a focus on sustainability.

In 2020, we prepared our sustainability strategy roadmap with all our Group companies. We remain committed to increasing the global value we generate via our business operations in light of this strategy.

We will celebrate our 40th anniversary in 2021.

In the coming operating year, we will be celebrating the 40th anniversary of our foundation. Guided by the Group's corporate values – including innovation, sustainability and agility – we aim to keep moving forward into the future while maintaining our sustainable growth and embracing our social responsibilities.

I would like to extend my gratitude to all our stakeholders, especially our scientists and healthcare professionals who create value for our country, and all of our colleagues across Çalık Group who work with commitment and devotion.

Kind regards

Ahmet Çalık Chairman Guided by the
Group's corporate
values – including
innovation,
sustainability and
agility – we aim to
keep moving forward
into the future
while maintaining
our sustainable
growth and
embracing our social
responsibilities.

76.9
TL Billion
Total Assets

13.9
TL Billion
Total Shareholders'
Equity



BOARD OF DIRECTORS



AHMET ÇALIK Chairman

Ahmet Çalık is a member of a prominent family operating in the textile industry since the 1930s. Ahmet Çalık launched his first business initiative in this sector in 1981. He laid the foundations of Çalık Holding, one of the leading companies in Turkey and the nearby geography. Çalık Holding operates in energy, construction, mining, textile, telecommunications, finance, and digital industries.

Ahmet Çalık made the first large private sector industrial investment in Eastern Anatolia in the second half of the 1980s by founding Çalık Denim in Malatya. The Company is among the largest premium denim fabric producers in the world today.

Following the Turkic Republics gained their independence in the 1990s, Mr. Çalık commenced establishing business operations in these countries and became one of the first foreign businesspeople to invest in Turkmenistan by setting up textile factories in the country.

With the purpose of generating added value and enriching the geographies in which the Group companies operates, Mr. Çalık founded Çalık Holding in 1997 to unite all of them under a single banner. Today, the Holding conducts business operations with more than 15 thousand employees across 21 countries, in seven main areas. Çalık Holding is the first Turkish company to become a member of the Japanese Business Federation Keidanren.

Focusing on projects that benefit society through his visionary investments, Ahmet Çalık is known for his integrity, reliability, strong financial assets and long-term collaborations with international companies throughout his activities in diverse regions of the world.

Fields of Operation

- Energy
- Construction
- Mining
- Textile
- Telecommunications
- Finance
- Digital

Significant Investments

- Ortadoğu Tekstil, 1981
- · Çalık Denim, 1987
- Gap Pazarlama, 1994
- Gap İnşaat, 1996
- Çalık Holding, 1997
- Çalık Enerji, 1998
- Aktif Bank, 1999
- TTK, Turkmenistan Textile Investment, 2000
- E-Kent, 2002
- Bursagaz, 2004
- BKT, 2006
- · Kayserigaz, 2007
- ALBtelecom, 2007
- · Lidya Madencilik, 2010
- Yeşilırmak Elektrik Dağıtım (YEDAŞ), 2010
- Calık Gayrimenkul, 2010
- Kosova Elektrik Dağıtım (KEDS), 2013
- Aras Elektrik Dağıtım (Aras EDAŞ), 2013
- Calık Petrol. 2017
- Çalık Digital, 2017
- BKT Kosovo, 2017

Awards and Honors

- Order of State of Turkmenistan, 1997
- Mahdum Guli Award, 1997
- Entrepreneur of the Year Award, Para Magazine, 1997
- Best Industrial Enterprise of the Year, GESIAD, 1997
- İpek Yolu Foundation Service Award, 1998
- Turkmenistan "Gayrat" Medal, 1999
- Order of Merit of the Turkish Republic, 1999
- Turkmenistan Golden Century Medal, 2001
- Order of Merit of the Ministry of Foreign Affairs of the Turkish Republic, 2002
- National Productivity Center Businessman of the Year Award, 2004

- Faculty of Business Administration, Istanbul University, Dünya Newspaper National Business Manager of the Year, 2005
- Order of Merit of Turkish Grand National Assembly, 2006
- Dünya Newspaper National Business Manager of the Year, 2006
- Turgut Özal Economy Award, 2008
- Turkey in Europe-Franco Nobili, 2010
- Turkish Red Crescent, Gold Medal Certificate, 2012
- Matsumoto Dental University, Japan, Honorary Ph.D. Title. 2014
- USA Ellis Island Medal of Honor, 2014
- Albania Tiran University, Honorary Ph.D. Title, 2014
- Turkmenistan "Garaşsyz, Baky, Bitarap Turkmenistan" Medal Certificate, 2015
- Japan Kindai University, Honorary Ph.D. Title, 2016
- Order of State of Japan (Order of the Rising Sun, Gold Rays with Neck Ribbon) - 2019
- Malatya Turgut Özal University, Honorary Ph.D. Title, 2020

Social Responsibility Projects

- Malatya Educational Foundation
- Mahmut Çalık Education Complex
- Malatya Hasan Çalık Hospital
- Ankara Oncology Hospital
- Significant social aid projects in Van, Pakistan and Somali
- "İftarımızı Anadolu'da Açıyoruz" Activity
- Restoration of Atatürk Köşkü, Yalova
- "İlk İşim Girişim" Competition, 2014-2019
- Renovations at the Geomatics Department, Faculty of Civil Engineering at Istanbul Technical University
- Renovation of the Precious Metals Laboratory at İTU Mining Faculty
- Boğaziçi University Faculty of Engineering -Hydraulic Laboratory Renovation
- Malatya Textiles Museum

Missions at the State Level

 Bursa Honorary Consulate of Republic of Kazakhstan, 2012

Personal

- 1958, Malatya
- Married with four children

BOARD OF DIRECTORS



MEHMET ERTUĞRUL GÜRLER Vice Chairman of the Board

Mehmet Ertuğrul Gürler was born in 1958. He graduated from Marmara University, Department of Business Administration. In his professional career spanning 38 years, Mr. Gürler served as Deputy Refinery Manager at BP Overseas Refining Company Ltd. from 1983 to 1987. From 1987 to 1994, he worked at different posts at Dow Türkiye A.Ş. and acted as the Financial Affairs Manager and Board of Directors Member. Gürler assumed the position of Assistant General Manager at Total Oil Türkiye A.Ş. between 1994 and 1998 and joined Çalık Holding A.Ş. in 1998 as the General Manager. Mehmet Ertuğrul Gürler still acts as the Deputy Chairman of the Board of Directors at Çalık Holding, Banka Kombetare Tregtare, ALBtelecom, Çalık Denim, Başak Yönetim Sistemleri, Cetel Telekom, Çalık Finansal Hizmetler, Çalık Hava Taşımacılık, İrmak Yönetim Sistemleri, Kentsel Dönüşüm İnşaat, Malatya Boya and Aras Elektrik Dağıtım. Acting as a Board Member at Aktif Bank, Gap İnşaat, Gap Pazarlama, Çalık Emlak ve Gayrimenkul, Çalık İnşaat and Doğu Akdeniz Petro Kimya, he is the Chairman of the Board at YEDAŞ.



AHMET YILDIRIM Board Member, President of the Financial Affairs and Strategic Planning Group (CSO)

Graduating from Istanbul University, English Department of Economics in 1991 and completing the Harvard Business School General Management Program in 2012, Ahmet Yıldırım acts as the President of the Financial Affairs And Strategic Planning Group and Holding Board Member, responsible for finance, strategic planning, merger and purchasing, tax planning and investors relations since September 2014. Mr. Yıldırım has 24 years of experience in corporate banking, investment and treasury banking. Before joining Çalık Holding in 2014, he has served as CEO and Board Member at Yapı Kredi Bank Germany for five years.



HAKKI AKİL Board Member and Chief Advisor to the Chairman

Hakkı Akil was born in 1953 in Kargı. He graduated from Galatasaray High School in 1972 and the University of Bordeaux, Department of Economics in 1977. Between 1987 and 1989, he studied at École Nationale d'Administration in Paris and presented his graduate thesis on the "Iran-Iraq War and Global Oil Supply." Mr. Akil served as a diplomat at the Turkish Ministry of Foreign Affairs from 1979 to 2016. He was Deputy Undersecretary and Prime Minister's Sherpa for the G-20 between 2009 and 2011. Mr. Akil served as Ambassador in Ashgabat, Abu Dhabi, Rome and Paris, respectively. Since 2016, Mr. Akil has been serving as the Chief Advisor to the Chairman at Çalık Holding. He was assigned as a Board Member as of 2019. He is married with one daughter.



MEHMET GÖÇMEN Member of the Board of Directors

After graduating from Galatasaray High School and Middle East Technical University Industrial Engineering Department, Mehmet Göcmen completed his master's degree in the Department of Industrial Engineering at Syracuse University in 1983 and held various positions in Çelik Halat ve Tel Sanayi A.Ş. between 1983 and 1995 and in Lafarge Turkey between 1996 and 2003. Working as a General Manager in Akçansa Çimento Sanayi ve Ticaret A.Ş. between 2003 and 2008, Mehmet Göcmen was assigned as the Group Director of Human Resources at Sabancı Holding in 2008 and continued his duty as the Group Director of Sabancı Holding Çimento between 2009 and 2014. After being assigned as the Energy Group Director in 2014, Mr. Göçmen served as the CEO and Board Member of Sabanci Holding between 2017 and 2019. Mehmet Göçmen has been serving as a Board Member at Çalık Holding as of 2020.

ÇALIK GROUP

Worldwide competition in 7 sectors

ENERGY



Çalık Enerji





YEPAŞ



KEDS*



Aras EDAŞ



Aras EPSAŞ**

CONSTRUCTION



Gap İnşaat

TEXTILE



Çalık Denim



Gap Pazarlama

* Partnership with Limak Holding A.Ş. ** Partnership with Kiler Holding A.Ş.

FINANCE



Aktif Bank



BKT Albania



BKT Kosovo

MINING



Lidya Madencilik

TELECOMMUNICATIONS



ALBtelecom

DIGITAL



Çalık Digital

ABOUT ÇALIK HOLDİNG

Innovative business models, sustainable growth

Çalık Holding develops innovative business models and moves forward by achieving sustainable growth in its core business areas.

The main goal of
Çalık Holding is to
treat all cultures,
beliefs, ethnicities
and genders equally
by prioritizing
diversity,
sustainability
and resilience in
all sectors and
geographies where
it operates.

15
Thousand+
Number
of Employees

12.8
TL Billion
Net Sales

Maintaining its consistent growth performance since it was founded in 1981, Çalık Holding operates across 21 countries with more than 15 thousand employees in seven different sectors including energy, construction, finance and banking, textile, mining, telecommunication and digital.

Deriving most of its income from international projects and investments, Çalık Holding has equity partnerships with major and well-known public companies, namely Mitsubishi Corporation, SECOM, SSR Mining and Sand Storm. Çalık Holding also has long-term business and solution partnerships with General Electric, Honeywell, Siemens and Thyssenkrupp. The Holding closely cooperates with international finance institutions and export loan institutions such as JBIC, JICA, HERMES and UKEF. Çalık Holding is the first Turkish company to be invited to become a member by the Japanese Business Federation Keidanren.

The main goal of Çalık Holding is to treat all cultures, beliefs, ethnicities and genders equally by prioritizing diversity, sustainability and resilience in all sectors and geographies where it operates.

Throughout its operations across the world, Çalık Holding is known for its integrity, reliability, robust financial structure and long-term collaborations with international companies.

It develops innovative business models and moves forward in its lines of business with sustainable growth. Dedicated to creating lasting value in every geography it operates, Çalık Holding realizes pioneering projects for society and the business world through its corporate processes, services and products developed with sustainability approach.

Business Areas

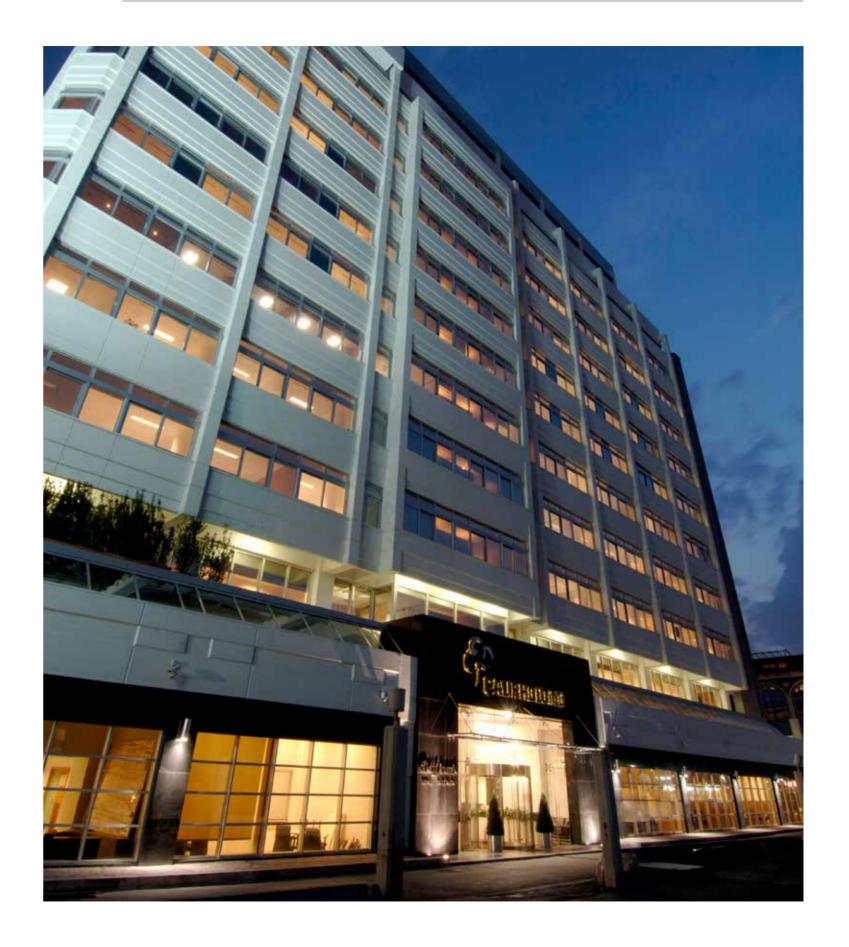
Operations in seven sectors in total including energy, construction, finance and banking, textile, mining, telecommunication and digital

Goals

- To rank among the leading players in all the industries in which it operates, with strong and reliable brands,
- To achieve sustainable growth through innovative investments

Competitive Advantages

- Deep expertise and know-how
- Reliability associated with the "Çalık" brand in all its businesses
- Dynamic and innovative management
- Top priority given to employee satisfaction
- Consistent growth with prudent investment decisions
- Strong, long-lasting partnerships in international markets
- Strategies aimed at delivering customer satisfaction beyond expectations
- Renewing while achieving new breakthroughs
- Ongoing investments in digital transformation



MILESTONES

Deep-rooted past, strong experience

Çalık Holding continues its stable growth performance since its foundation in 1981.

1930

As a member of the Çalık
 Family, which pursues activities
 in the textile sector since 1930s,
 Ahmet Çalık carried out his first
 business activities in the textile
 industry in the 1980s.

1981

 Making his first investments in 1981, Ahmet Çalık continued his breakthroughs in the textile sector during 1980s.

1987

 Ahmet Çalık established Çalık Denim, which today is among the world's biggest denim manufacturers.

1994

 Gap Pazarlama was founded to expand the Group's market share in the international textile trade.

1995

 The Group started its operations in Ashgabat, Turkmenistan to establish its first denim factory in Central Asia and became one of the first foreign companies investing in Turkmenistan.

1996

Gap İnşaat was initially set up to construct the Group's textile factories, and was restructured with a broader focus on business development.

1997

 Çalık Holding was established and all Group subsidiaries were reorganized under a single banner.

1998

Çalık Enerji was established.

1999

- The Holding entered the financial services industry.
- Çalık Bank was established.

2004

 Bursagaz, the natural gas distribution company of the city of Bursa, was acquired by Çalık Enerji through a privatization tender.

2006

 Çalık Holding acquired a 60% stake in Banka Kombetare Tregtare (BKT), one of Albania's two biggest banks.

2007

- Çalık Holding issued five-year Eurobond worth USD 200 million.
- Çalık Holding acquired ALBtelecom, Albania's largest fixed-line operator and internet service provider, by winning the privatization tender.
- Çalık Enerji acquired Kayserigaz, a natural gas distribution company operating in Kayseri.

2008

- In line with its growth strategy and restructuring initiative, Çalık Enerji sold off majority shares in Bursagaz and Kayserigaz to the Germany-based international energy company EWE.
- Çalık Holding completed the legal processes for the takeover of the media group ATV-Sabah Commercial and Economic Entity with a bid of USD 1.1 billion at the tender held by the Turkish Savings Deposit Insurance Fund. Çalık Holding sold a 25% stake in the ATV-Sabah Media Group to the Qatar Investment Authority (QIA).
- The Group's financial services subsidiary was restructured and renamed Aktif Bank.

2009

- Çalık Holding entered the mining sector via a joint venture with the Canada-based Anatolia Minerals, a Toronto Stock Exchange-listed concern.
- Çalık Holding became the sole owner of Banka Kombetare Tregtare (BKT) by purchasing the remaining 40% stake from the EBRD and IFC.
- Çalık Enerji won the privatization tender for Yeşilırmak Electricity Distribution, which distributes electricity to the Turkish provinces of Samsun, Amasya, Çorum, Ordu and Sinop.

2010

- The Holding's mining sector subsidiary was restructured and named Lidya Madencilik.
- The handover procedure of Yeşilırmak Electric Distribution Company (YEDAŞ) was completed and the company was incorporated in Çalık Enerji.

2011

· Çalık Cotton was established.

2012

- Lidya Madencilik increased its stake in Anagold from 5% to 20%.
- A geological survey commenced in June in the Polimetal Madencilik's sites.

2013

- Çalık Holding, in partnership with Kiler Holding, acquired Aras Electricity Distribution, which distributes electricity to seven provinces in Eastern Anatolia.
- E-Kent became the Central System Integrator by winning the e-ticket tender of the Turkish Football Federation (TFF).
- Çalık Holding exited from ATV-Sabah Commercial and Economic Entity (Turkuvaz Medya).
- Lidya Madencilik raised its stake in Polimetal Madencilik, a joint venture with Alacer Gold, from 50% to 80%

2014

- Çalık Enerji's 1,250 MW Al Khairat Power Plant project was awarded the "World's Best Project" in the industry category by Engineering News Record.
- Çalık Enerji expanded into the African market with the 550 MW Al Khoums Power Plant project in Libya.
- Gap Ínşaat held the groundbreaking ceremony for the Turkmenbashi International Seaport turnkey project, which will become a key logistics hub in the Caspian region, widely considered the new "Silk Road."
- Foundations were laid for the Garaboğaz Fertilizer Factory, to be built by a consortium between Gap İnşaat and Japanese Mitsubishi Corporation for USD 1.3 billion.



1930

A success story dating back to the 1930s...



80s

First steps in the textile industry...



90s

Investments expanding abroad...



2009

Çalık Enerji won the tender for Yeşilırmak Electricity Distribution company.



2011

Calık Cotton was established.



2014

The Al Khairat Project was selected as the best project in the world in the industry category.

MILESTONES

2015

- Çalık Enerji completed and delivered the Gardabani Natural Gas Combined Cycle Power Plant. The company also carried out the operation of the facility, thereby venturing into the area of power plant operation.
- After more than 20 years of close collaboration in constructing industrial facilities dating back to the early 1990s, Mitsubishi Corporation and Çalık Holding entered into a full partnership agreement. Mitsubishi Corporation acquired a 4.48% stake in Çalık Enerji.
- Following the signing ceremony, Çalık Enerji began construction on the 1,574 MW Combined Cycle Power Plant in the city of Mary, Turkmenistan. When completed, Mary Power Plant will be the largest power plant in the country.
- Gap İnşaat completed the Turkmenistan Science and Education Center project, which will serve as a model for future teaching hospitals with its state-of-the-art technology simulation techniques and robotic surgery practices. Additionally, the company signed an agreement for the construction of the Endocrinology and Surgery Center.

2016

- Çalık Enerji began production at the South Çalıktepe-1 oil field in the southeastern Anatolia region.
- The 40 MW Demircili and the 32 MW Sarpıncık Wind Power Plants in Izmir started their operations.
- The construction of the Morphology, Neurology, Dangerous Infections Center and the Public Health Center in Turkmenistan were completed and their openings were held.
- The physical separation of YEDAŞ and YEPAŞ, both of which have been engaging in electricity distribution and retail sales in the same service areas, was completed in 2016.
- In 2016, Çalık Denim invested USD 14.4 million in new capacity and USD 10.7 million in operations.
- In addition to its current lines of business, Gap Pazarlama ventured into the petrochemical industry and began its operations in 2016.
- Aktif Bank established two subsidiaries: Mükâfat Asset Management and EchoPOS.

2017

- In cooperation with Çalık Enerji and Mitsubishi Corporation, the construction agreement for the 18 MW Tedzani-4 Hydroelectric Power Plant, which will be the first HEPP in Sub-Saharan Africa, was signed.
- Construction of Al-Khums Simple Cycle Power Plant in Libya was completed.
- Aden Fast-Track Mobile Power Plant, the first mobile power plant contract in the Middle East and the first project in Yemen, commenced operations.
- Gap İnşaat opened the Endocrinology Hospital, which serves as an Endocrinology and Surgery Center housed in two buildings in Ashgabat, Turkmenistan.
- BKT Kosovo was established.

2018

- Completed in 2018 as the largest combined cycle power plant in the world, Mary-3 Combined Cycle Power Plant was opened in Turkmenistan.
- The EPC section of "Port Rehabilitation Project" in which Çalık Enerji and Gap İnşaat participated together in Iraq's Basra region was won in cooperation with Mitsubishi Corporation.
- The most important energy project of Asia, the TAP 500 Project was carried out and the funding, engineering, construction and maintenancerepair of the project was undertaken.
- In 2018, the opening ceremony was held for the Turkmenbashi International Seaport Project, which is the largest port of the Caspian Sea and the most important logistics center on the historical Silk Road. Turkmenbashi Seaport Project was awarded the "Best Global Airport/Seaport Project" by ENR.
- Garaboğaz Fertilizer Factory was opened in Turkmenistan as the largest manufacturer of ammonia and urea.
- Partnered by Lidya Madencilik, the Sulfide Gold Plant in Erzincan was put into operation with an investment of USD 700 million.
- Çalık Alexandria plant in Egypt was re-commissioned in 2018 and started production.

2019

- Çalık Enerji started Tedzani Hydroelectric Power Plant Capacity Increase Project (Tedzani-4) in Malawi.
- Gap İnşaat initiated activities in the Gulf Region with Qatar following activities in Central Asia.
- Gap İnşaat consolidated its presence in Central Asia with the Mari Fertilizer Factory in Turkmenistan.
- Lidya Madencilik commissioned Çöpler Sulfide Facility at full capacity.
- In order to create a common development culture in the business world, Çalık Denim and Çalık Enerji became signatories of the Global Compact, which recommends universal principles.
- Secom Aktif Güvenlik Çözümleri company was established in partnership with Secom, the electronic security industry market leader in Japan.

2020

- The Romanian Power
 Plant Project, the first EPC
 construction work undertaken
 by Çalık Enerji in Europe, and
 the largest and first combined
 cycle power plant project of the
 country in Senegal started.
- Gap İnşaat opened and delivered the Burn Treatment Center and Cosmetology Center built in Ashgabat, the capital of Turkmenistan.
- Çalık Denim implemented the Dyepro technology, which enables dyeing without using water
- Lidya Madencilik completed all permits for the Polimetal Balıkesir Gold Mine Project and started construction works.





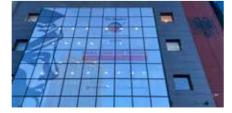
2015

Mitsubishi Corporation and Çalık Holding reached a partnership agreement.



2016

Demircili and Sarpıncık Wind Power Plants started to provide service.



2017

BKT Kosovo was established.



2018

A contract was signed for the most important energy project of Asia, the TAP 500 Project.



2019

Çalık Denim and Çalık Enerji became signatories of the Global Compact.



2020

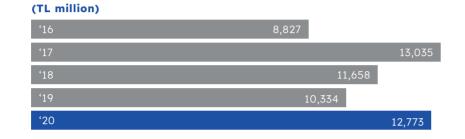
The Romanian Power Plant Project and the largest and first combined cycle power plant project of the country in Senegal started.

KEY FINANCIAL INDICATORS

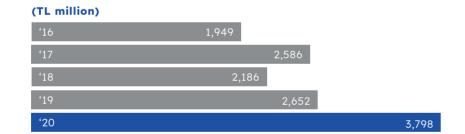
Synergic structure, high performance

12.8TL Billion

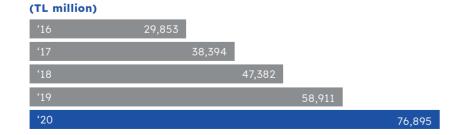
Net Sales



3.8TL Billion EBITDA

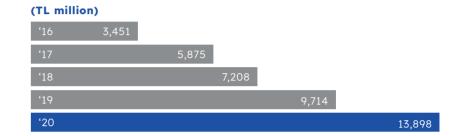


76.9TL Billion Total Assets



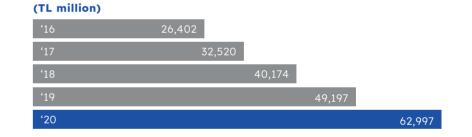
13.9

TL Billion
Total Shareholders'
Equity



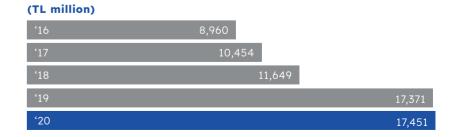
63.0

TL Billion
Total Liabilities



17.5

TL Billion
Financial Debts



OPERATION MAP

Long term collaborations in the global arena

With a vision to create significant added value and enrich countries in which the Group companies operate, Çalık Holding was established in 1997 to bring all of them together under a single banner. Today, the Holding conducts business operations with more than 15 thousand employees across 21 countries, in seven main areas.

Çalık Holding operates in a wide range of industries – energy, construction, textiles, mining, telecommunications, finance and digital sectors.

Throughout its operations across the world, Çalık Holding is known for its integrity, reliability, robust financial structure and long-term collaborations with international companies. It develops innovative business models and moves forward in its lines of business with sustainable growth.

Textile (Gap Pazarlama - Gappa Textile Inc.)
Finance (Aktif Bank - Dome Zero Inc.)





AN OVERVIEW OF THE ENERGY SECTOR IN 2020

Heading for renewable energy resources

Renewable energy has been the only field that was relatively positively affected and came out rising from the pandemic.

Global Energy Sector

In 2020, the energy sector was one of the most affected sectors from the coronavirus outbreak both in the world and in Turkey. Economic activities paused due to the outbreak are seen as the main reason for the fluctuations in the energy sector. The current state of the world economy led to decreases in energy demand, and fluctuations in the economy caused a standstill in the growth of the energy sector, especially in the electricity sector. These pauses also resulted in a slowdown in demand growth. Curfews and restrictions due to the outbreak greatly affected the energy sector and caused a decrease in both global and local demand.

Due to the pauses in workplaces and industrial production facilities, significant decreases were observed in the daily electricity consumption of some European countries such as Germany, France, Spain and Italy.

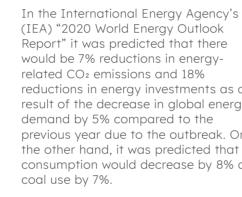
According to the **IEA Renewable** Energy 2020 Report, global renewable energy capacity rose 4% with the **USA** and China leading the way, and the global capacity increased by 200 GW in 2020.

(IEA) "2020 World Energy Outlook Report" it was predicted that there would be 7% reductions in energyrelated CO₂ emissions and 18% reductions in energy investments as a result of the decrease in global energy demand by 5% compared to the previous year due to the outbreak. On the other hand, it was predicted that oil consumption would decrease by 8% and

Renewable energy has been the only

According to the IEA Renewable Energy 2020 Report, global renewable energy capacity rose 4% with the USA and China leading the way, and the global capacity increased by 200 GW in 2020. According to the report, more than 90% of the global additional energy capacity increase came from renewable energy

According to the IEA Report, the decline in renewable energy costs is expected to continue in the coming five years. Therefore, it is predicted that the total global production capacity from lowcarbon sources will exceed the total natural gas capacity in 2023 and the total coal capacity in 2024.



field that was relatively positively affected from the pandemic. While the share of all energy resources, especially fossil fuel, in electricity production showed a decrease during the pandemic, the share of renewable energy resources in electricity production rose drastically also due to the impact of low operating costs.

> Çalık Group's companies in the energy sector were also exposed to outbreak-related risks in 2020, but they managed to make a profit from these risks thanks to the measures

> > taken.



1,400 2020 Eligible Consumer Limit

Turkey's Energy Sector

The restrictions and tightening policies applied in Turkey as of March caused many companies in the manufacturina and service sector to temporarily cease their operations. Significant decreases in the electricity demand occurred especially in April and May compared to the previous year. During April, the first month of the restrictions, consumption dropped significantly. The lowest PTF in the last two years was realized in April at the level of 181.16 TL/MWh. In some hours of April, PTF decreased up to 0 TL/MWh.

In 2020, which passed as a competitive year for the energy sector, as a result of markups in the national tariff and the cost of energy being in the country's normal values, subscribers were able to take advantage of discounted electricity opportunities while companies accelerated their efforts to expand their free consumer portfolios as well. It seems that the recession in the market observed for the last two years has ended as of 2020.

The increase in the dollar exchange rate caused a rise in the YEKDEM unit costs, and the average YEKDEM value in 2019 was 83.51 TL/MWh while the average value in 2020 was 120.60 TL/MWh.

In line with the goal of gradually increasing the market openness rate and all consumers being able to become eliaible consumers and according to the decision of the EPDK dated 26 December 2019 and numbered 9019, the eligible consumer limit for 2020 was set at 1,400 kWh per year with a decrease of 14% compared to 2019. With the eligible consumer limit of EPDK set for 2020, consumers with an average monthly electricity bill of TL 83 and above have obtained the right to choose their electricity supplier.

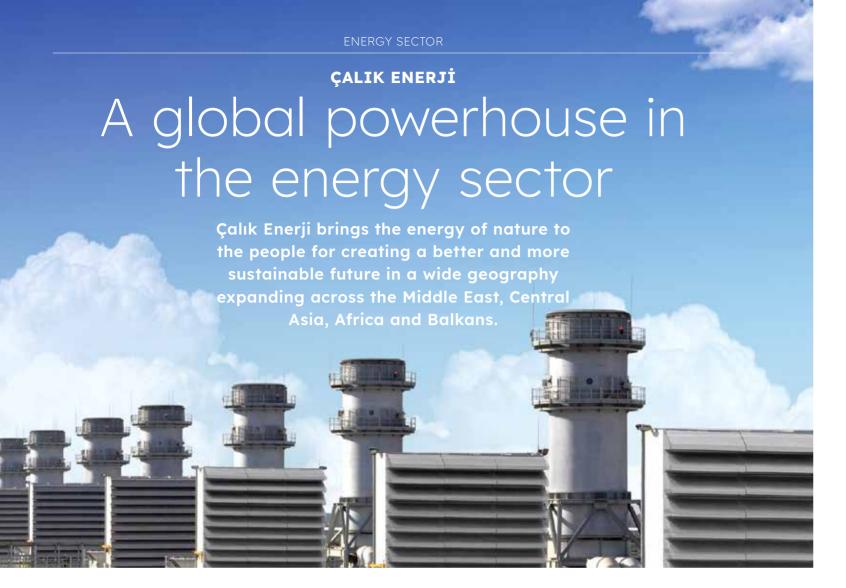
The energy sector, which has a multilayered and multidimensional structure. affects almost all lines of business and sectors, and therefore ensuring the security of energy supply is of great importance both for the countries of the world and for Turkey.

A financial infrastructure, which will be prepared for changes to occur in prices during this period, is of great importance for companies. The change in consumption has to be taken into consideration and closely monitored, and energy purchases need to be organized properly. In this respect, Çalık Holding monitors the market in order to reduce and stabilize energy costs and keeps taking action in this direction.

Çalık Group's companies in the energy sector were also exposed to outbreakrelated risks in 2020, but they managed to make a profit from these risks thanks to the measures taken. Having left behind a profitable year due to the increase in eligible consumer activities and the fact that market conditions have become efficient for energy trade, Çalık Holding diversifies the energy trade through eligible consumer activities as well as financial contracts.

While it is predicted that market conditions will be favorable for trade in the coming period, it is considered that energy produced from renewable energy sources will increase and that energy produced from these sources can be supplied cheaper in line with the trends in the world.





A prominent global energy company, Çalık Enerji operates across a wide geographic region encompassing the Middle East, Central Asia, Africa, Europe and the Balkans. The Company is committed to creating a better and sustainable future since 1998, the year it was founded and providing people with energy originating from nature. Continuing its activities in every area of the international energy sector with its expert and experienced staff, its creative and innovative solutions produced by using emerging new technologies, Çalık Enerji is currently present in Turkey, Turkmenistan, Iraq, Georgia, Libya, Afghanistan, Malawi, Kosovo, Senegal and Romania markets.

Having a strong presence in energy and energy-related infrastructure projects in fast-growing markets including Africa and the Middle East, Çalık Enerji has also further expanded its operations, venturing into transport, transmission and distribution, and hybrid energy sectors.

5.6
TL Billion
Net Sales

The Romanian
Power Plant Project,
the first EPC
construction work
undertaken by Çalık
Enerji in Europe, is
seen as one of the
milestones of the
Company.

Prioritizing to seize energy production and distribution opportunities established in the Sub-Saharan region, Çalık Enerji simultaneously conducts tender and bidding processes in countries such as Senegal, Mozambique, Nigeria, Tanzania, Angola and Tunisia, which play key roles in the geography.

Continuing its progress with determined steps in line with its goals, Çalık Enerji leads and implements successful projects. Having signed its first project in Senegal and its second project in the Sub-Saharan Africa region in 2020, Çalık Enerji also started a turn-key project in Romania. The Petromidia Refinery Power Plant Project, the first EPC construction work undertaken by the Company in Europe, is seen as one of the milestones of Çalık Enerji.

Commencing its activities for hybrid distributed energy, one of the emerging trends of the energy sector, Çalık Enerji continues its works over real projects.



8.2
TL Billion

TL Billion
Total Assets

4.8
TL Billion
Total Shareholders'
Equity

In 2020, Çalık Enerji continued to carry out its projects within the promised time and without compromising on quality by taking high-level measures.

Selflessly continuing its activities in the field of renewable energy in Turkey in the light of its achievements and experience, Calık Enerii has enriched its portfolio the following projects: Adacami Hydroelectric Power Plant (30 MW) commissioned in Güneysu, Rize in 2013; Demircili Wind Power Plant (40 MW) and Sarpıncık Wind Power Plant (32 MW) commissioned in Izmir in 2016; and Solar Power Plants in Çorum (9.25 MW), Amasya (5 MW), Erzincan (5 MW), Erzurum (5 MW), Polatlı (1 MW) commissioned in 2016 and 2017, Amasya Çaydibi and Doğu (5.94 MW) commissioned in 2019 and the Solar Power Plant installed on Çalık Denim roof (0.957 MW) commissioned in 2020.

As a result of its effective human resources management policy, Çalık Enerji boasts a strong executive team and highly competent employees, who enable the company to successfully achieve all of its goals.

Çalık Holding attaches importance to managing its supplier processes in a fast, reliable, traceable and measurable manner. In this regard, the Supplier Life Cycle (SLC) module and the Supplier Relationship Management (SRM), which enable the purchasing and supply chain to be managed more effectively, were made available over the Çalık Supplier Portal.

In 2020 when the coronavirus outbreak caused radical changes in the energy sector, as in all sectors, Çalık Enerji continued to carry out its projects within the promised time and without compromising on quality, by taking highlevel measures.

Çalık Enerji, which combines its documentation studies (Pandemic Risk Assessment, Infection Prevention and Control Plans, Pandemic Disinfection and Hygiene Control Plan) with the measures taken by Çalık Holding, filed an audit request and was entitled to receive the "COVID-19 Safe Service Certificate" in September.



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On the other hand, Çalık Enerji, who also realized the "Webinar on Human Rights Due Diligence and Covid-19: Introduction of the Rapid Self-Assessment for Businesses" of the Business for Goals prepared jointly with the ILO, Global Compact and UNDP, thus confirmed that there were no shortcomings in its measures.

Aiming to contribute to every region where it makes investments by adopting a win-win approach to investments and services, Çalık Enerji also donated respirators to various countries where it operates, during the pandemic period.

In 2020, Çalık Enerji published its first sustainability report in July 2020 with the help of "Sustainability Ambassadors" formed with volunteer representatives from all departments. 2.1
TL Billion
EBITDA

Adopting a winwin approach to investments and services, Çalık Enerji always aims to contribute to the regions where it makes its investments. Çalık Enerji donated UNICEF Package of Tetanus Vaccines on behalf of all female employees on March 8, International Women's Day, and also donated saplings to TEMA for all employees at the beginning of the year.

"Firsts" and "Major Achievements" in the Sector

- The "230 MW Gardabani Combined Cycle Power Plant," the first combined cycle power plant and the largest investment project to date in Georgia, which is also Çalık Enerji's first turnkey natural gas combined cycle power plant project
- The "Adacami HEPP investment," which features the longest tunnel (12 km) among hydroelectric power plants with regulators

- Construction of the "1,250 MW Al-Khairat Simple Cycle Power Plant" and "750 MW Nainawa Simple Cycle Power Plant" in Iraq in 2013 – the biggest power plants in the country
- Construction of the 450 MW LM6000 gas turbines in Turkmenistan's Ahal-Mary-Lebap provinces, the advanced technology used for the first time in the country
- Completed by Çalık Enerji, the "AST Project (Provision of Continuous Electricity to the City of Ashgabat)" is the first-of-its-kind project in the world with the largest budget; the entire electrical energy infrastructure of a city was replaced and revamped under a single contract

Çalık Enerji's "AST Project (Provision of Continuous Electricity to the City of Ashgabat)" is the first-of-itskind project in the world with the largest budget where the entire electrical energy infrastructure of a city is replaced.

- The "1,574 MW Mary-3 Combined Cycle Power Plant," the largest power plant constructed after Turkmenistan's independence; the facility was commissioned in 2018
- Construction of the "550 MW Al-Khums Fast Track Simple Cycle Power Plant," the first project that Çalık Enerji completed in Libya
- The "60 MW Aden Fast-Track Mobile Power Plant Project" is Çalık Enerji's third project in the Middle East, the first mobile power plant contract and the Company's first project in Yemen
- "Demircili and Sarpıncık Wind Power Plants," which consist of 29 turbines with an aggregate installed capacity of 72 MW, are the first WPPs built by Çalık Enerji

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- Calık Enerji ranks among the world's top 10 companies in constructing fossil fuel power plants
- The "Turkmenistan-Afghanistan -Pakistan (TAP 500) Transmission Line Project," which is one of the most important investment projects ever undertaken by a Turkish company in
- "Basra Seaport Project" is Çalık Enerji's first project in the transport sector in the Middle East and North Africa (MENA) region
- Çalık Enerji's first renewable EPC project, Tedzani-4 Hydroelectric Power Plant Project has an installed capacity of 19.5 MW, the first power plant to be commissioned in partnership with Çalık Enerji and Mitsubishi Corporation in Sub-Saharan Africa
- "Turkmenistan Fleet Maintenance and Service Center Projects," as well as being the largest maintenance project to be executed by Çalık Enerji, the first project to be funded and executed by the Company in Turkmenistan
- The Romanian Power Plant Project, the first EPC construction work undertaken by Çalık Enerji in Europe

 The largest and first combined cycle power plant project of the country in Senegal

Projects Completed in 2020

Mary-3 Project

Turkmenistan's largest combined cycle power plant, the Mary-3 project commenced operations after its construction was completed and an opening ceremony was held. The facility has a capacity of 1,574 MW with central generation systems consisting of four gas turbines, four boilers and two steam turbines from GE. Mary-3 is the largest combined cycle power plant featuring advanced technologies constructed in a single stage after the independence of Turkmenistan. Çalık Enerji continues to operate the facility.

Ongoing Projects in 2020

Turnkey Combined Cycle Power Plant in Senegal

Winning the turnkey tender for the 300 MW "Cap des Biches Combined Cycle Power Plant" in Senegal, Çalık Enerji added another one to its projects in Sub-Saharan Africa.

300

Cap des Biches Combined Cycle Power Plant

Turkmenistan's largest combined cycle power plant, the Mary-3 project, commenced operations after construction was completed and an opening ceremony was held.

The signing ceremony for the first combined cycle power plant of Senegal between Çalık Enerji, GE (General Electric) and West African Energy was held on October 3, 2020, in Dakar, the Capital of Senegal, with the participation of Amadou Hott, Minister of Economic Planning and Cooperation of Senegal.

Turnkey Cogeneration Power Plant in Romania

On 24 July 2020, Çalık Enerji won the EPC construction works tender for "Rompetrol CoGen Power Plant" held by Rompetrol Energy S.A., which is the Romanian subsidiary of KazMunay Gas International, the state oil and gas company of the Republic of Kazakhstan. The agreement for the project was signed on 19 August Wednesday with a signing ceremony held via videoconference. The project, which is planned to be completed within 26 months, is the first EPC construction project in Europe assumed by Calık Enerji, therefore is an important milestone for the Company.

Turkmenistan-Afghanistan-Pakistan Transmission Line Project (TAPP500)

Considered the most important high voltage transmission line project in Asia, the TAP500 Project will proceed in parallel with the Turkmenistan-Afghanistan-Pakistan-India (TAPI) Natural Gas Pipeline Project. The initial agreement for TAP500 was signed in Kabul, Afghanistan, with the participation of representatives from relevant countries. The USD 1.6 Billion project, which will be managed

by Çalık Holding, is one of the most important investment projects undertaken by a Turkish company in Asia. Turkmenistan, currently exporting electricity to Afghanistan and Iran, will be able to sell electricity to countries in Southeast Asia once the TAP Project is finalized. TAP500 Project is expected to be finalized in three years following the start of construction.

Basra Seaport Project

Çalık Enerji signed an agreement for Basra Seaport Renewal and Rehabilitation Project, Iraq's most important sea gateway. The project will be implemented in partnership with Mitsubishi Corporation. Basra Seaport Project will expand the oil products dock at Khor Al-Zubair Port, where the existing industrial port facilities surrounding Basra will be located. It is planned to build a new seaport for the vessels and service boats operating at Umm Qasr Port with the project.

USD Billion

Turkmenistan-Afahanistan-Pakistan Transmission Line Project

> Çalık Enerji signed an agreement for **Basra Seaport** Renewal and Rehabilitation Project in Basra, Iraq's most important sea gateway.

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Malawi Tedzani-4 Hydroelectric Power Plant Project

The Tedzani-4 Hydroelectric Power Plant located in Malawi has an installed capacity of 19.5 MW and is the first renewable EPC project of Çalık Enerji in Africa. Additionally, the project is the first power plant of Çalık Enerji -Mitsubishi Corporation cooperation in Sub-Saharan Africa. The construction of the project began on June 11, 2018, and is expected to be finished before September 2021. Çalık Enerji undertook turnkey construction of the project, including construction work and the design, procurement, transport, production and assembly of turbines, generators and peripheral systems, 66 kV switchyard, energy transmission line and hydromechanical equipment. As of the end of 2020, a 98% completion rate was achieved in the project.

19.5

First Renewable EPC Project in Africa: Tedzani-4 Hydroelectric Power Plant Installed Capacity

Doğu and Çaydibi SPP Projects are expected to generate a total of 8,222 MWh of energy annually and prevent 4,087 tons of CO₂ emission.

Amasya Çaydibi and Doğu Solar Power Plant Projects

Doğu and Çaydibi Solar Power Plant (SPP) Projects of Çalık Enerji with a total capacity of 5.94 MWp/5Mwe located in Amasya have initiated commercial power production as of December 11, 2019. The projects were initiated on August 26, 2019 and all plants were commissioned within 108 days. Within the scope of the projects undertaken by Çalık Enerji as both investor and EPC, installations were made on an area of 100 thousand square meters. In these projects, 15,840 pieces of PV modules, 353 tons of steel and 106 km cable were used. Doğu and Caydibi SPP Projects are expected to generate a total of 8,222 MWh of energy annually and prevent 4,087 tons of CO₂ emission.



230

Gardabani Combined Cycle Electricity Power Plant

Installation of a Roof Type Solar Power Plant with a capacity of 957kWp/820We in the first stage on the roofs of Çalık Denim's production facilities in Malatya was completed by Çalık Enerji in 2020.

50

Nigoza Wind Power Plant Capacity

Georgia 50 MW Nigoza Wind Power Plant Project

Planned to be built near Nigoza Village in Kartli Region of Georgia, the Nigoza Wind Power Plant project is Çalık Enerji's first renewable energy investment project in Georgia and the first private investment project approved by the Georgian Parliament. Following the approval of the project in November 2019 by the Georgian Parliament, project development, engineering and the Environmental Impact Assessment studies have commenced for the Wind Power Plant. It is aimed to start the construction work by obtaining the construction permit for the project by the end of 2021, and to initiate commercial operations within 2022. It is planned that the facility will generate 240 GWh of electricity annually once it becomes fully operational; thus, a significant contribution will be made to both Georgia's renewable energy capacity and the electricity needs of 30 thousand households will be covered from renewable energy sources.

Integrated PV Panel Manufacturing Plant

In April 2018, Atayurt İnşaat A.Ş., a Çalık Enerji subsidiary, was granted a state subsidy for the 500 MW Integrated PV Panel Manufacturing Plant. Feasibility and preliminary project design efforts are ongoing. In 2019, the works requested by public institutions were completed and

submitted for acquiring a final incentive certificate, and an Investment Incentive Certificate was obtained in 2020.

Gardabani Combined Cycle Power Plant

Construction of the 230 MW Combined Cycle Power Plant was completed in Gardabani, Georgia; operating activities for this project are ongoing.

Çalık Denim Roof Type Solar Power Plant Project

Installation of a Roof Type Solar Power Plant with a capacity of 957kWp/820We on the roofs of Çalık Denim's production



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facilities in Malatva was completed by Çalık Enerji in 2020. The engineering and procurement stages of the Hybrid Power Plant project started in 2020 as the second phase of the project and the facility is planned to be commissioned in the first half of 2021. The Hybrid Power Plant Project is a test project that consists of solar energy, energy storage system, diesel generators and allows energy resource management and advanced monitoring features through the energy management system (EMS). This type of power plant, which can be used both with the grid and in the regions where there is no grid, is a solution developed especially for regions such as Africa, where electrical energy quality is low.

Turkmenistan Fleet Maintenance Project (TFM Project) – Service Center Project

In order to ensure stable and reliable production of the gas turbine fleet under the Turkmenistan Ministry of Energy, the Turbine Fleet Maintenance Project, which includes many firsts, was planned in cooperation with Çalık Enerji and Turkmenenergo. The contract stage of

The contract stage of the Turbine Fleet Maintenance project and its financial processes were finalized within 2019 and 2020, respectively, and the project has been commenced.

the project and its financial processes were finalized within 2019 and 2020, respectively, and the project has been commenced.

The extensive maintenance project executed by Çalık Enerji is the first project funded by the Company in Turkmenistan by obtaining Exim-supported international funding. The funding of the project was provided with the export loans utilized from Exim-supported (Swiss "SERV") European Banks (Credit Suisse and Commerzbank). Within the scope of the project, maintenance works on the Turkmenenergo Turbine fleet and the construction of a "Service Center" in Ashgabat have been started.

Mary-1 Power Plant Rehabilitation Project

1,685 MW Mary-1 Power Plant is one of the first thermal power plants in Turkmenistan. Its main production is provided by Russian LMZ branded steam turbines and expansion works for the plant were commenced in 1973 and continued until 1987. The project includes the rehabilitation and heavy maintenance works of the plant and is expected to be



Çalık Enerji's
Malawi Tedzani
Region Support
Project was deemed
worthy for the
"Our Energy is
Our Future Social
Responsibility
Award" at the Third
Turkey Energy and
Natural Resources
Summit.

finalized by the end of 2021 after starting in June 2019. Within the scope of the project, turbines, generators, boilers and all other residual system equipment of seven units will be renewed or maintained.

Awards in 2020

Çalık Enerji's Malawi Tedzani Region Support Project was deemed worthy for the "Our Energy is Our Future Social Responsibility Award" by the Turkish Ministry of Energy and Natural Resources at the Third Turkey Energy and Natural Resources Summit.

Quality Standards and Certifications

- ISO 9001:2015 Quality Management System Certificate
- ISO 14001:2015 Environmental Management System Certificate
- OHSAS 18001 Occupational Health and Safety Systems Certificate
- COVID-19 Safe Service Certificate

Financial Summary (TL Million)	2018	2019	2020
Total Assets	7,278	7,037	8,173
Net Sales	5,361	4,381	5,573
Total Equity	3,473	3,605	4,751
EBITDA	1,442	1,374	2,070
EBITDA Margin (%)	27	31	37

YEŞİLIRMAK ELEKTRİK DAĞITIM A.Ş. (YEDAŞ)

Electricity distribution in Samsun, Amasya, Çorum, Ordu and Sinop

YEDAS operates in the provinces and districts of Samsun, Ordu, Corum, Amasya and Sinop, where it distributes some 4.9 billion kWh of electricity to 2.2 million subscribers.

As a Çalık Holding subsidiary, powerful electricity distribution company YEDAŞ operates in the provinces and districts of Samsun, Ordu, Çorum, Amasya and Sinop, where it distributes approximately 4.9 billion kWh of electricity to 2.2 million subscribers.

Having established a strong family structure with its customers, top management, employees and all stakeholders, YEDAŞ follows technology closely with its innovative approach and applies it in all business processes. Using all its facilities, effort and energy

YEDAŞ follows technology closely with its innovative approach and applies it in all business processes.

with the excitement of having the goal to become the best in its sector, the Company is taking firm steps towards its goal of becoming the leading brand of the electricity distribution industry in Europe.

YEDAŞ aims to provide reliable, consistent service; achieve customer satisfaction; create value through social contributions: and become a pioneer in its operating region. Occupational health and safety, use of technology and innovative solutions are among the priorities of YEDAS.

The first distribution grid scaled Energy Storage System in Turkey was commissioned by YEDAŞ in Alaca in the second half of 2020. The system, which provides solutions in many areas from increasing flexibility for grid operators to improving supply continuity and technical quality, was put into practice for the first time by YEDAŞ and this was an important step for the Turkish Electricity Distribution

YEDAŞ classified the coronavirus measures that must be taken quickly under four headings: General Measures, Notification, Organizational Measures and Disinfection Measures. Determining the Company prepared a Contingency Plan in order to ensure personnel safety and service continuity. As a result of risk analyses conducted against hazards that may occur due to the pandemic, the Company prohibited transactions for personal deliveries within YEDAS premises.



TL Billion Total Assets

99.18% 2020 OSOS Reading

Success Rate

Within the scope of its technical quality obligations for 2020, YEDAŞ completed the installation of 94 technical quality measurement devices in a timely manner, despite the pandemic conditions.

During this period, all elevators in the Head Office and the provincial building were prohibited, and the rules of conduct regarding coronavirus measures were communicated to all employees by e-mails, posters and WhatsApp messages. YEDAŞ and all its branches are disinfected regularly, and hand sanitizers were placed in all workplaces. Contact surfaces in the offices are cleaned at least three times a day. Masks were handed out to all employees and the use of masks has been made mandatory. Additionally, PCR tests are made to employees who have shown symptoms and those who have contacted people showing symptoms.

Unless mandatory, all meetings are held via video conference. OHS and EKAT training sessions have been delayed, planned organizations and all domestic and overseas business trips have been canceled.

Employees who are over 60 years of age, have a chronic illness, and those who are pregnant and breastfeeding have been sent on compulsory leave. Office employees have been switched to remote working system.

Necessary measures are required to be taken at the construction sites of contractor companies that operate within the scope of the facility investments. It was ensured that all contractor companies monitor employee HES Codes and report to YEDAS on a daily basis.

In order to prevent crowding in consumer services centers, the consumers are served one by one and following a HES Code guery. All consumers have their temperatures taken while entering the premises and hand sanitizers have been placed at the

Due to coronavirus measures, no visitors are allowed inside YEDAS premises except for business purposes. The Company cars are regularly disinfected and hand sanitizers have been made available in all shuttles.

Within the scope of its technical quality obligations for 2020, YEDA\$ completed the installation of 94 technical quality measurement devices in a timely manner, despite the pandemic conditions. In this context, achievements regarding technical quality monitoring parameters as of the end of 2020 are shown in the table below:

2020 OSOS Reading Rates

Months	Success Rate
January	98.86%
February	98.60%
March	98.47%
April	98.90%
May	98.92%
June	99.20%
July	99.27%
August	99.43%
September	99.58%
October	99.56%
November	99.56%
December	99.69%
2020 Total Realization	99.18%

Technical Quality Parameters	Success Rate	
Measurement reporting	99.61%	
Effective voltage value change	98.61%	
Voltage unbalance	99.82%	
Total harmonic distortion	100%	
Harmonic voltages	98.83%	
Long-term flickering	51.58%	



the emergencies regarding the pandemic,

YEŞİLIRMAK ELEKTRİK DAĞITIM A.Ş. (YEDAŞ)



Projects Realized in 2020

Initiating Voice Radio and Communication Infrastructure works in 2020, YEDAŞ partially completed the procurement, installation and commissioning of tower poles for the TDMA-based DMR wide-area digital radio communication system. With the completion of the communication system in the first quarter of 2021, the field teams providing around-the-clock services in five provinces within YEDAŞ distribution area will be using an uninterrupted communication infrastructure.

In line with its strategic priorities and objectives, YEDAŞ continues to invest in digitalization. The company aims to provide high-quality and uninterrupted electric service by establishing remote monitoring and control systems such as SCADA, AGIS (Low Voltage Grid Monitoring System), and Mobile Workforce Management System. YEDAŞ constantly improves its supply continuity and service quality by analyzing and correlating existing data and data collected in the field as part of its "Big Data" project.

Performing the field installations and system integrations of domestic SCADA equipment procured within the scope of the SCADA expansion project, YEDAŞ increased its number of stations by 226% to 538 by carrying out adaptation and commissioning works at 373 SCADA stations installed, in 2020.

538 2020 SCADA Stations Number

Forming the R&D
Office under
the Distribution
Technologies and
R&D Directorate in
2020, TEDAŞ aims
to focus more on
R&D activities and
to provide new
employment in this
field.

Forming the R&D Office under the Distribution Technologies and R&D Directorate in 2020, YEDAŞ aims to focus more on R&D activities and to provide new employment in this field. Focusing on R&D and innovation projects that will add value to the distribution industry, YEDAŞ received EMRA approval for a total of seven projects in January and July 2020. In addition, the Company carries out its ongoing R&D projects in line with its business plan.

Continuing to make electricity distribution grid available for electric vehicles, with their number increasing day by day, YEDAŞ continues its "My Energy is Everywhere Project." Continuing its infrastructure works to provide electricity distribution services independent of the installation, YEDAŞ supports its project development activities by offering services for electric vehicles. Within the scope of the project, YEDAŞ will establish an electric vehicle charging station to a location within its area of operation and install three sockets for general use to meet the energy need in the region.

In line with its efforts on occupational health and safety, YEDAŞ started to develop Nitinol Material Smart Detector Vest with its new R&D project. With the smart vest to be developed, technical staff will receive a visual, audible and sensory warning when they enter an electric field. A "Utility Model" application was made to the Turkish Patent and Trademark Office for this innovative product under the Project aiming to prevent potential work accidents.

YEDAŞ started the "Knife Fuse (NH Plug) Production with New Generation Polymer Thermoset" project to develop a fuse that will be completely resistant to corrosion and humid, foggy, salty atmospheric conditions and UV rays. The product to be developed in accordance with TEDAŞ Specifications will cost less, will be easier to use and provide more advantages in terms of human safety compared to Steatite NH Fuses. Efforts were initiated to make a Patent/Utility Model Application to the Turkish Patent and Trademark Office for the innovative product within the scope of the project.

Studies are ongoing to measure the level of digital maturity in all business processes of Electricity Distribution Companies in line with the "Measuring the Levels of Digitization in Distribution Companies" project. Aiming to contribute to the sector by determining the measurement standards of the digitalization level of the sector with the model to be developed in line with the project, YEDAŞ will also determine the actions to be taken for digitalization with the measurement results it will submit to EMRA.

In line with the "Energy Efficiency Harvest in the Electricity Distribution Sector" (HASAT Phase 2) R&D Project, it is aimed to research methods for increasing efficiency in the electricity distribution grid as per the National Energy Efficiency Action Plan and to establish a technical infrastructure for energy efficiency roadmap. There are four different work packages within this framework:

- The "Energy Efficiency in Transformers" package aims to carry out efficiency and loss analysis for the distribution transformers in the grid with the transformer data collected from electricity distribution companies. A platform that will provide a decision support mechanism to determine which type of transformers will replace low-efficiency transformers.
- The "Distributed Generation" package focuses on developing an algorithm for the correct positioning of distributed generation plants in the grid, thus minimizing losses.
- On the other hand, the "Energy Efficiency in General Lighting" package will analyze the effects of general lighting on energy efficiency with different pilot applications. Following the implementation of the pilot field application, which can be monitored from the center with motion sensors in the YEDAŞ region, analysis of the pilot project in terms of energy savings, calculations for cost and return times will be made.
- The "Energy Efficiency Awareness Index" package is an important factor in terms of national energy efficiency since it allows consumers



1.5
TL Billion
Net Sales

In line with the HASAT Phase 2
R&D Project, it is aimed to research methods for increasing efficiency in the electricity distribution grid as per the National Energy Efficiency Action Plan and to establish a technical infrastructure for energy efficiency roadmap.

to distribute/shift their loads, especially during peak hours. In order to increase energy efficiency awareness and adopt it as a behavior among consumers and to carry out activities to increase efficiency, the potential contribution of consumers to national energy efficiency will be surveyed.

Within the scope of the "MASS Domestic Smart Meter Systems R&D Project," in which YEDAŞ is a participant, it is aimed to develop a domestic and national smart meter system. Efforts are being made to expand the use of the relevant system in the operating area of YEDAŞ.

With the "Domestic Energy Domestic Technology" R&D Project initiated to help reduce foreign dependency in software, benefit/cost analyses are made for software platforms used in the electricity distribution sector. Accordingly, the priority order is determined and actions are taken to localize the software used.

Thanks to the R&D Project competition it held, YEDAŞ created an R&D culture for all employees within the company. Efforts to increase energy quality and provide efficiency were determined based on the project suggestions from the employees, and the employees who made the best suggestions were rewarded.

Aiming to bring energy companies that continuously improve, come up with innovative solutions and adapt to changes rapidly to the sector, "You're My Energy Program" initiated by the Electricity Distribution Services Association

YEŞİLIRMAK ELEKTRİK DAĞITIM A.Ş. (YEDAŞ)

(ELDER) and ODTÜ TEKNOKENT under the coordination of the Energy Market Regulatory Authority (EMRA) focuses on realizing innovative business ideas and projects for the energy sector. Participating in the You're My Energy Program, YEDAŞ gathered with entrepreneurs, start-ups, Technoparks and R&D companies. In this way, YEDAŞ looks for new opportunities to develop projects in national and internationally funded platforms.

"Firsts" and "Major Achievements" in the Sector

- The first electricity distribution company to obtain TSE Covid-19 Safe Service Certificate and ISO 31000 Corporate Risk Management certificate
- Turkey's first electricity distribution company to use SAP in the most effective and comprehensive manner
- The first Turkish electricity distribution company to implement the Digital Network Model-Sustainable Investment Period project
- A company that is managed with GIS-Based SAP (ERP) - IS-U
- The distribution company that established the Low Voltage Network Monitoring System and is able to monitor and manage the low voltage network remotely
- The first company in Turkey to commission a battery energy storage facility
- The company that shortens the failure repair times by instantly monitoring phase interruptions at the low voltage outputs via the AGİS system
- The company that has implemented the EDAŞ online application which carries the new connection processes to the digital environment and ensures fast and easy tracking of transactions

Competitive Advantages

- Having a strong financial structure and high credibility
- Effective organizational structure which is open to new ideas and improvement
- A dynamic human resource with high potential and a strong sense of belonging that has a good knowledge of legislation with its sector experience
- Being the distribution company with the highest advantage in the sector in



terms of data pool (SAP, EDAŞ Online, AGIS, OSOS, SCADA, GIS) and having a technological infrastructure with advanced grid monitoring and control systems (AGIS-SCADA-OSOS)

- Digitalization in customer processes (Digital management of EDAŞ Online connection requests)
- Success in stakeholder relations
- Speed of intervention in natural disasters
- Fast adaptation to the legislative and regulative changes
- Places great importance on technology investments
- The company's SCADA/DMS system, which enables quick intervention in case of failures
- World-class service quality
- High customer satisfaction thanks to its modern systems
- Development of R&D projects supported by EMRA

Investments Realized in 2020

Making a total investment of TL 356.5 million in 2020, the Company invested 86% (TL 310,538,696) of this amount in Grid Investments. The investment breakdown of YEDAŞ for 2020 is as follows: Environmental Security and Other Legal Obligation Investments (TL 25,956,176), Grid Operating System Investments (TL 8,688,722), Meter Investments (TL 7,657,202) and (TL 6,469,332) Other Expenditures.

YEDAŞ stands out as the leading electricity distribution company to use the SAP system in the most effective and comprehensive manner. When planning 2020 arid investments YEDAŞ prioritized improving the technical quality and continuity of the service it provides to its customers, as well as ensuring customer satisfaction by completing the connections of new structures to the distribution arid in a timely manner as per the legislation. In this context, 313 new plant projects, 1,035 small additional plant projects and 1,682 connection projects have been performed. In order to prevent voltage drop issue, which has become a major problem due to increasing electricity demand, in addition to long-distance distribution issues arising from the dispersed settlement structure of the Black Sea Region, and to minimize power outages in rural areas, the Company installed a total of 415 distribution transformer centers with 85.68 MVA installed power, 185.6 km long power transmission line, 339.57 km long overhead line high voltage grid, 1,247.25 km long overhead line low voltage grid, 68.41 km long underground cable high voltage grid and 273.64 km long underground cable low voltage grid.

YEDAŞ aims to increase its investment budget 1.5 times in 2021, which is the beginning of the 5th Implementation Period and plans to provide higher-quality services to its customers in compliance with the legislations updated by the regulator.



YEDAŞ aims
to increase its
investment budget
1.5 times in 2021,
which is the
beginning of the
5th Implementation
Period.

Quality Standards and Certifications

- ISO 9001:2015 Quality Management System
- ISO 10002:2006 Customer Satisfaction Management System
- ISO 14001:2015 Environmental Management System
- ISO 45001:2018 Occupational Health and Safety Management System
- ISO 18295-1:2017 Customer Contact Center Management System
- ISO 27001:2013 Information Security Management System
 ISO 31000:2018 Corporate Risk
- Management System
- TSE COVID-19 Safe Service Certificate
- Zero Waste Certificate

Investment Characteristics	2020 Investm	ent Expenditure	Amount (TL)
Grid Investments			310,211,906
Environment, Safety and Other Legally Mandatory Investments			25,956,176
Grid Operating System Investments			8,688,722
Meter Investments			5,193,917
Other Investment Expenditures in the Nature of Investment Spending			6,469,332
Total			356,520,053
Financial Summary (TL Million)	2018	2019	2020
Total Assets	2,059	2,112	2,426
Net Sales	1,032	1,173	1,542
Total Equity	978	1,096	1,208
EBITDA	755	691	823

YEŞİLIRMAK ELEKTRİK PERAKENDE A.Ş. (YEPAŞ)

Electricity retail sales services in Samsun, Amasya, Çorum, Ordu and Sinop

YEPAŞ supplies electricity to a broad customer base including industrial facilities and individual households across Turkey.



Yesilırmak Elektrik Perakende Satıs A.S. (YEPA\$) was established and registered with Samsun Trade Registry Office on 16 November 2012. On 27 December 2012, YEDAŞ obtained a Retail Sales License (numbered EPS/4207-2/2498) as per EMRA (Energy Market Regulatory Authority) Resolution No: 4207-2. The partial separation of retail sales operations within the framework of the Procedures and Principles Regarding the Legal Separation of Distribution and Retail Sales Operations was registered on 31 December 2012. Subsequently, on 1 January 2013, YEDAŞ began its retail sales and service operations in Samsun, Ordu, Corum, Amasya and Sinop (Yeşilırmak Distribution Region).

YEPAŞ supplies electricity to a broad customer base including industrial facilities and individual households across Turkey. As a last source supplier, the company is authorized to sell electric power to consumers at the rate determined for the service area

YEPAŞ, as a last source electricity supplier, undertakes marketing, sales, and customer service activities (e.g. subscriptions, billing and collections) within the scope of its electricity supply service to its customers.

of Yeşilırmak Elektrik Dağıtım A.Ş. ("YEDAŞ"); to eligible consumers who choose not to take advantage of this right; and to eligible consumers at the retail tariff determined by the Energy Market Regulatory Authority. YEPAŞ sells electric power to eligible consumers in the region at market-based rates under bilateral contracts. Additionally, YEPAŞ, in keeping with its last source electricity supplier status, undertakes marketing, sales, and customer service activities (e.g. subscriptions, billing and collections).

In addition to those services for eligible consumers within the liberalized electricity market, the Company creates solutions for customers, who either do not hold or use their eligible consumer status, as a provider authorized by the Electricity Market Legislation.



YEPAŞ recognizes the sectors in which its customers operate and offers products and services specific to their needs by making the right analyses.

By establishing its business processes based on a sustainable customer satisfaction principle, YEPAŞ maintained its solid and successful business efforts in order to provide fast and respectable services to its customers in 2020.

Continuous improvements are made to issue customers' electricity bills correctly and timely, provide them with quick access to their bills and enable fast, commission-free collections through alternative channels.

YEPAS provides customers with highquality, reliable, uninterrupted and reasonably-priced electricity, which is essential to daily life. Building customer satisfaction into its business processes, YEPAŞ successfully continued to deliver fast and courteous customer service in 2020. The Company always aims to deliver innovative, customerfocused services. Thanks to its advanced technology infrastructure, the company develops products, services and solutions that meet customers' needs. As a result of its technology investments, YEPAŞ uses the most advanced IT systems, equipment and infrastructure in the electricity retailing industry. In electricity supply, the supplier's market experience, know-how, and service quality before and aftersales are also very important. YEPA\$ recognizes the sectors in which its customers operate and offers products and services specific to their needs by making the right analyses.

When selling electric power to industrial facilities and businesses that have eligible consumer status, YEPAS develops effective solutions and services by taking market dynamics into account and closely monitorina customers' needs. Focusing on customer satisfaction as much as it does on pricing, the Company supports customers in their areas of activity. Furthermore, YEPAS developed a Customer Loyalty Program named "YEPAS World of Advantages." YEPAŞ provides a lot of advantages to its customers by realizing brand collaborations on a local and national hasis

YEPAŞ also partnered with the subsidiaries of Çalık Holding to make the most of the synergy in the Group. As part of the project co-run with Aktif Bank N Kolay, all YEPAŞ Transaction Centers within the region were transformed into YEPAŞ N Kolay Authorized Transaction Centers to establish more accessible and efficient service channels.



YEŞİLIRMAK ELEKTRİK PERAKENDE A.Ş. (YEPAŞ)



In 2020 YEPAŞ N Kolay Authorized Transaction Centers have thus turned into platforms where electricity subscription transactions, collections, eligible consumer transactions and all other customer services are available alongside conventional N Kolay services. As an outcome of this partnership, 78 YEPAŞ N Kolay Authorized Transaction Centers and some 657 N Kolay Kiosks offer services to customers in the central cities and districts of Samsun, Sinop, Ordu, Çorum and Amasya.

2020 Highlights

Attaching importance to digitalization after the coronavirus pandemic in 2020, YEPAŞ aims to accelerate its organizations with a leaner business plan. Besides digitalization, YEPAŞ carries out studies regarding remote working and revised its business processes accordingly.

As part of the Çalık Family, which continuously expands both its local and global targets, YEPAŞ aims to continuously strengthen its competitive structure and efficiency. Carrying out an important business that has a critical

impact on human life in a wide geography, YEPAŞ continues to work in order to make its operations free from errors. YEPAŞ obtained a competitive edge in 2020 once again in order to achieve higher customer satisfaction and has been one step ahead of its competitors with its state-of-theart information system infrastructure applications and hardware.

With its customer-oriented approach, innovative business model and infrastructure based on advanced technology, YEPAŞ strives to meet customer needs at the highest level, create value in electricity supply and provide after-sales service support.

Prioritizing digitalization solutions with the importance it attaches to improving customer satisfaction in 2020, YEPAŞ provided its customers with the opportunity to perform their transactions faster and more securely. In line with the aim to make YEPAŞ a quick and efficient retail sales company through digitalization,

Carrying out studies regarding the remote working model, YEPAŞ revised its business processes.

As part of the Çalık Family, which continuously expands both its local and global targets, YEPAŞ aims to continuously strengthen its competitive structure and efficiency.

YEPAŞ launched its mobile app in 2020. Allowing easy access to all kinds of details regarding electricity usage, the mobile app offers the opportunity to carry out all transactions without going to a Customer Service Center. The following transactions can be carried out via the mobile app;

- · Subscription,
- Termination,
- Debt query,
- Bill payment/viewing,
- Application viewing,
- Making an appointment, connecting to web live support,
- Information update,
- Direct connection to YEPAŞ social media accounts.

YEPAŞ developed mobile apps and digital channels that end-users may access thanks to the strategic projects it carried out in the field of digitalization and smart systems. These innovative digital channels developed especially for mobile devices prioritize customer needs and are focused on providing its customer with the services of the future.

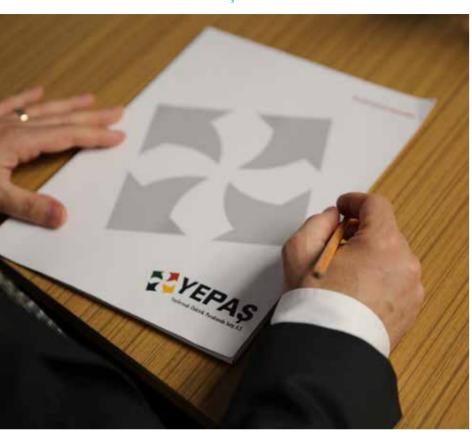


In 2020, YEPAŞ fully managed the coronavirus risks and took all necessary measures. During the pandemic, professional teams carried out sterilization and disinfection works at YEPAŞ Head Office, Provincial Directorates and District Directorates by using products that are not harmful to human health. Caring about the health of its customers who come to the Customer Service Center to make transactions. YEPAŞ continues disinfection activities on a regular basis and makes inquiries for the HES code of the employees and customers at the entrances. In addition to general notifications regarding anticoronavirus measures, all employees working in Samsun, Ordu, Sinop, Amasya and Çorum offices were given disinfectants and brochures and posters are hung in important locations inside the workplaces. With the notification messages sent digitally, awareness of employees has been raised regarding the symptoms of coronavirus and the prevention measures.

In 2020, YEPAŞ fully managed the coronavirus risks and took all necessary measures.

YEPAŞ developed mobile apps and digital channels that end-users may access thanks to the strategic projects it carried out in the field of digitalization and smart systems.

YEŞİLIRMAK ELEKTRİK PERAKENDE A.Ş. (YEPAŞ)



Preparing a brochure to raise the awareness of employees regarding the virus, YEPAŞ met all the conditions required by the Turkish Standards Institute (TSE) and was awarded the "COVID-19 Safe Service Certificate" given to organizations that fulfill these conditions. YEPAŞ has proven its success by effectively managing the pandemic period and providing a hygienic and controlled environment to its employees. YEDAŞ fully complied with the standard requirements and became the first electricity retail sales company in its region and sector to receive the Safe Service Certificate.

In order to use natural resources efficiently within the scope of the Zero Waste application, YEPAŞ placed recycling bins in all Customer Service Centers. Arranging recycling bins according to the six color classification specified in the Zero Waste Regulation to reduce the amount of waste and to use natural resources efficiently, YEPAŞ also provided training to employees on

YEPAŞ met all
the conditions
required by the
Turkish Standards
Institute (TSE)
and was awarded
the "COVID-19
Safe Service
Certificate" given
to organizations
that fulfill these
conditions.

how to sort waste. As a result of the audit carried out as a result of all these studies, YEPAŞ was awarded a Zero Waste Certificate.

Following the completion of the necessary legislation as per the announcement made by Fatih Dönmez, Minister of Energy and Natural Resources, in June 2020, the first Green Tariff (YETA) was determined by EMRA and shared with the public in July 2020. In this context, YEPAŞ converted the electricity tariff of its Head Office building to Green Tariff (YETA) and became the first company to adopt this tariff in Samsun, Amasya, Çorum, Ordu and Sinop.

N Kolay Authorized Transaction Centers of YEPAŞ are being used as an active sales channel in terms of electricity sales to eligible consumers. Thanks to the N Kolay Authorized Transaction Centers, YEPAŞ customers are able to make transactions easily through www. yepas.com and www.turkiye.gov.tr, without the need to come to Customer Service Centers. Taking place in the e-Government platform, established to provide access to public services from a single point, YEPAŞ provides users with the opportunity to access subscriber and meter details, make debt queries, individual subscription applications and terminations. Thanks to the Dealer Portal, all kinds of transactions can be made with YEPAŞ dealers via live chat. In order to follow the developing technological digitalization and to provide innovative services to its customers, YEPAŞ Online Customer Portal was launched by YEPAŞ. Thanks to the Customer Portal, the Company customers are able to log in with their TR ID number and via telephone verification similar to an internet banking platform and they are able to reach all information on YEPAŞ, make new subscriptions, terminate current subscriptions, learn and pay debt amounts and make applications.



In order to ensure operational excellence, YEPAŞ broke new ground in the sector with Lean 6 Sigma, which is a management strategy in which simple and effective statistical tools are used for defining, measuring, analyzing, improving and controlling processes within businesses.

YEPAŞ formed a KVKK (Personal Data Protection Law) Governance Team and registered it with the Personal Data Inventory and VERBIS.

Completing the first three phases of the IQN Project developed to manage eligible consumer sales and electricity purchase operations, YEPAŞ carries out re-installation and SAP integration updates as a result of the positive developments in eligible consumer processes in 2020.

YEPAŞ aims to maintain its growth momentum that has continued in the last five years and increase its electricity sales ratio by 6.5% compared to the previous year. Aiming to increase the number of transactions carried out through the digital channels and the mobile app, the Company will also enhance information update transactions.

Competitive Advantages

- Customer satisfaction oriented business approach,
- Using smart technology investments and sustainable information systems hardware and application infrastructure,
- Providing world-class service quality,
- Leading the service sector by providing effective solutions.

Quality Standards and Certifications

- ISO 9001:2015 Quality Management System
- TS EN ISO/IEC 27001:2017
 Information Security Management
 System
- ISO 10002:2014 Customer Satisfaction Management System
- COVID-19 Safe Service Certificate
- Zero Waste Certificate

YEPAŞ carries out re-installation and SAP integration updates as a result of the positive developments in eligible consumer processes in 2020.

KOSOVO ÇALIK LİMAK ENERGY SH.A.

Electricity distribution and retail services in Kosovo

Kosovo Çalık Limak Energy Sh.A. carries out all of the electricity distribution activities in Kosovo in its own.

Established for the electric distribution work in Kosovo in relation to the tender won in 2012 by Çalık Holding and Limak Holding partnership, Kosovo Çalık Limak Energy Sh.A. operates in the field of electricity distribution and retail in Kosovo, the youngest country of Europe. Operating as electricity distributor with Kosovo Electricity Distribution Company J.S.C. (KEDS) and as energy supplier with Kosovo Electricity Supply Company J.S.C. (KESCo), the Company carries out all of the electricity distribution activities in Kosovo in its own.

With the strength it has gained from Çalık and Limak Group's knowledge and experience in the electricity sector, KEDS is taking decisive steps towards its goals.

The company has made significant advances towards achieving its goals by capitalizing on the experience of Calık and Limak Groups in the power industry. KEDS regularly adopts innovations under its Ten-Year Distribution System Operator Network Development Plan (2014-2023). The company designed the plan to provide reliable electric service with low prices and is implementing it step-by-step, In addition to reliable working systems and coordinated customer tracking. All these advantages and distinctive features enable the company to steadily expand its subscriber base.





1.9
TL Billion
Net Sales

600
Thousand
Number of
Subscribers

KEDS aims to provide high-standard electric services to all its subscribers and to eliminate all the infrastructure issues regarding electric energy.

Active in the sector since 2013, KEDS and KESCO has successfully reduced technical and commercial losses; improved its access to energy significantly by restructuring its energy transfer operations; boosted operational efficiency through the use of new technologies and implementation of effective measures; and has taken important steps to provide education and employment opportunities to young people in line with its social responsibility principles.

KEDS aims to provide high-standard electric services to all its subscribers and to eliminate all the infrastructure issues regarding electric energy.

Successfully completing the separate pricing process, which is a legal obligation, at the end of 2014, KEDS transferred its electricity supply activities to KESCO, which was established under Calık and Limak Group in 2015.

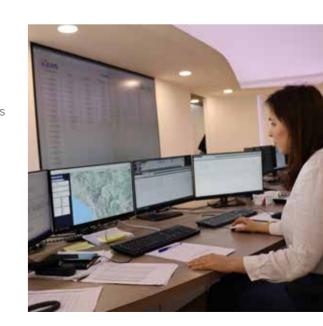
Developments in 2020

The Company increased the number of subscribers from 470 thousand in 2013 to 629,359 thousand as of the end of 2020. This achievement was thanks to the fact that Kosovo has a young population and that the Company has carried out an ambitious investment drive since privatization.

The company upgraded its call center to operate around the clock to respond to customer queries and resolve their issues. KESCo managed to provide electricity to its customers at low prices even when there was limited electricity generation in the country.

All electricity consumers in Kosovo are customers of KESCo. Placing importance on digitalization since the day it was established, the Company included 12.1% of all customers to smart grid system as of the end of 2020. SCADA systems integration was completed as of the end of 2020. As energy losses, one of the most important issues of the region, were at 31% in 2013, as a result of the investments and successful operations, this ratio was reduced to 19.35% by the end of 2020.

Throughout 2020, the COVID-19 pandemic adversely affected all businesses in Kosovo, including Kosovo Çalık Limak Energy. In 2020, with the spread of the COVID-19 pandemic, the KEDS tariff decreased by 14.6% on average as consumption shifted from commercial customers to household customers, and DSO revenues decreased by 1.8% to EUR 98.9 million. However, from the supplier's (KESCO) point of view, there was no change in the final tariff; so the billing rate increased by 4%.



KOSOVO CALIK LİMAK ENERGY SH.A.



Although the spread of the COVID-19 pandemic also affected the operation of the distribution system, especially during quarantine, KEDS, which distributed 5,549 GWh of electricity in Kosovo in 2020, made a total investment of EUR 22.2 million within the scope of LV (low voltage) and MV (medium voltage) projects. (KEDS invested approximately EUR 167.4 million from May 2013 to the end of 2020 to reduce technical and commercial losses.)

KEDS continued its activities during this period as well so that the service it offered could continue uninterrupted, and although all necessary measures were taken during this period including quarantined regions, field workers were very often in contact with customers. In this period, by the decision taken by the Kosovo Government, a support payment of EUR 300 was made to public employees serving in certain sectors for similar services provided in emergency situations. The said practice was also implemented by other companies in the energy sector, including KEDS and

KESCO. In this respect, KEDS, which asked the Energy Regulatory Office (ERO) to recognize the relevant cost in the tariff for such assistance, received a positive response to its request and the relevant additional payments for its employees exposed to COVID-19 risk were paid to the staff on 18 June 2020.

Since energy supply is especially important in times of crisis, KEDS has taken all necessary measures to protect its employees and ensure the continuation of its existing operations in line with the demands and requirements of the Kosovo Government. Employees over the age of 60, employees with chronic diseases and pregnant staff were set to work from home, and office workers were set to work from home and/or in rotation. During this period, special clothing was supplied for field workers under COVID-19 measures, and cars & offices were regularly disinfected.

In addition to these developments, there was another important development:

167
EUR Million
Total Investments

KEDS took all kinds of measures during the pandemic, though field workers were in contact with customers very often.

KOSTT ENTSO-E Membership

As of 14 December 2020, KOSTT (Kosovo Electricity Transmission Company) had left the Serbian bloc to become an independent communications company, and after this development, Serbia, where KEDS mainly imported energy, closed Kosovo's borders to imports. Although the borders between Serbia and Montenegro were closed, the period comprising December 14th to 31st was successfully managed using only the borders of Albania and Macedonia. Though the border with Serbia was closed by 2021, the Montenegro border was opened for use. In December, high capacity costs arose since both Kosovo and Albania were electricity importers. But in January, prices reached reasonable levels due to a decrease in Albania's import quantity and the opening of new borders.

KEDS' Electricity Distribution and Retail Strategy

In order to reach international standards in SAIDI (System Average Interruption Duration Index) and SAIFI (System



New Practices and New Collaborations in 2020

renewal investments.

In 2020, the Energy Regulatory Office (ERO) initiated a process to revise supplier (KESCO) parameters (most importantly: retail margin and bad debt ratio) for the first time since privatization. KESCO prepared for the revision and applied to ERO. However, no decisions were made regarding these parameters in 2020.

security, the company aims to continue its planned maintenance and network

An application was made for the approval of the distribution and meter metering regulation to the Regulator (ERO) on the network side, in 2020.

Additionally, some collaborations with municipalities, public institutions and ministries were performed especially on provision of law enforcement support for cutting off the power of non-paying customers, debt enforcement procedures, access to the customer/citizen details database and the calibration laboratory.

2.1TL Billion
Total Assets

1.4TL Billion
Total Shareholders'
Equity

KOSOVO ÇALIK LİMAK ENERGY SH.A.



Regarding information technology, new developments listed below were implemented:

- CRM, Cutting Management System and Tegsoft (IVR Call Center) integration,
- Lansweeper Inventory System Project
- Cyber-security projects (Solarwinds Project (SIEM, SAM, NPM), SOTI MDM Project, Aruba Clearpass, Cisco DUO, Turkcell BOZOK CTI, File Sharing System, Turkcell Data Center Migration),
- Core ERP Project,
- · Ticketing System,
- Kesco mobile app (E-Kesco) v2 (new version release),
- Customer document archiving project,
- Operation monitoring project,
- IOT project (cutting via remote connection).

Being the only actor in the Kosovo market and positioning as a regional player are among the prominent major competitive advantages of KEDS.

Many improvements
in the field of
information
technology were
implemented during
the year, aiming to
enhance the quality
of service.

Competitive Advantages

- Sole supplier in the market,
- · Positioned as a regional player,
- Has the manpower, technical knowledge, experience and competency to determine and assume the projects to satisfy the needs,
- Independent decision making.

Investment Projects Realized in 2020

- Grid expansion, rehabilitation and distribution transformer projects respectively in LV (low voltage) projects (approx. EUR 11.6 million),
- MV (medium voltage) projects (approx. EUR 7.3 million),
- · Meter investments,
- · Smart network investments,
- Building, storage, etc. renewal and renovation investments,
- IT investments,
- Special field operation equipment investment,
- Regional investments.

268
TL Million
EBITDA

14%
EBITDA Margin

Goals

• In accordance with the energy legislation and Regulator (ERO) instructions and regulations, KESCO will become a supplier having unregulated tariffs for customers connected at 35 kV and 10 kV levels, that meet the criteria set by the electricity law. In this respect, KESCO aims to offer bids and continue to work with these customers. It is predicted that this practice will be implemented as of 2022.

- The aim is to continue to ideally provide energy supply and to ensure the continuity of investments with the goals of both maintaining energy supply and strengthening energy infrastructure.
- Also, another aim is to achieve collection and loss-leakage targets determined by the regulator and to take these targets much further.
- However, in 2021, the Company has also priority goals such as minimizing the adverse impacts of the pandemic and eliminating the negative effects from the previous year as well the aforesaid goals.

The aim is to ensure
the continuity
of investments
with the goals of
both maintaining
energy supply
and strengthening
energy
infrastructure.

2018	2019	2020
1,159	1,364	2,072
1,579	1,603	1,945
922	1,023	1,438
240	172	268
15	11	14
	1,159 1,579 922 240	1,159 1,364 1,579 1,603 922 1,023 240 172

ARAS ELEKTRİK DAĞITIM A.Ş. (ARAS EDAŞ)

Electricity distribution service in Eastern Anatolia Region

Providing electric distribution services in seven provinces including Ağrı, Ardahan, Bayburt, Erzincan, Iğdır, Kars and its headquarters Erzurum, Aras EDAŞ has 1,059,704 subscribers as of the end of 2020.



Providing electric distribution services in seven provinces including Ağrı, Ardahan, Bayburt, Erzincan, Iğdır, Kars and its headquarters Erzurum, Aras EDAŞ provides services to 2.2 million persons. The Company has 1,059,704 subscribers as of the end of 2020.

Aras EDAŞ's operating region covers seven cities in the Eastern Anatolia region; the majority of the rural population in Turkey-about 2.8% of the country's entire population-lives in this region. While 70% of the region's residents live in cities, 30% of the company's customers live in rural areas.

2020 Highlights

Continuing its investments focused mainly on grid improvement, technological infrastructure, high-quality and uninterrupted energy distribution and customer satisfaction, Aras EDAŞ remotely monitors 1,247 distribution

2.2Million
People Served

Aras EDAŞ
established a
system in which
any activity of field
teams consisting
of 757 employees
can be measured
and reported in
failure repair works
performed in seven
provinces and 58
districts.

centers and around 5,443 MV feeders, detects interruptions before customers report and therefore achieve significant improvements in the number and duration of failures.

Aras EDAŞ established a system in which any activity of field teams consisting of 757 employees can be measured and reported in failure repair works performed in seven provinces and 58 districts. With these measurements and reports, the work quality, efficiency and customer satisfaction of employees increase and the time it takes for teams to intervene in a failure is also shortened with this system. Adding seven more vehicles to its cable test vehicles fleet in 2020, Aras EDAŞ ensures that failures occurring in underground cables are detected and intervened immediately.

Aiming to reduce illegal use of electricity in the region, Aras EDAŞ achieved a significant reduction in loss and illegal use rates and an increase in energy



Operating in the most mountainous, cold and difficult geography of Turkey, Aras EDAŞ has continued its diligent efforts despite the pandemic impacting its already difficult working conditions.

The Smart
Substation
Development
Project of Aras EDAŞ
was awarded at the
4th R&D in Energy
Workshop held by
EMRA, ELDER and
GAZBIR.

efficiency in Doğubayazıt and Patnos districts of Ağrı with the PLC project, which allows communication over electrical networks.

The Smart Substation Development Project of Aras EDAŞ was awarded at the 4th R&D in Energy Workshop held by the Energy Market Regulatory Authority (EMRA), Electricity Distribution Services Association (ELDER) and Natural Gas Distribution Companies Association of Turkey (GAZBIR). During the workshop held in Ankara, the priorities and needs of electricity and natural gas distribution companies for R&D projects, the projects of universities and researchers and the R&D supports of relevant institutions were shared.

The service quality of Aras EDAŞ's customer services and call centers has been certified with ISO 18295-1 and ISO 18295-2 Standards. Successfully passing this audit in which all activities related to customer contact centers were evaluated, Aras EDAŞ once again demonstrated its solution- and customer-oriented working system by being awarded the ISO 18295-1 and ISO 18295-2 certificates.

In order to be able to provide accessible, innovative and continuous contact, which is one of the most

effective methods of strengthening communication with the customer, Aras EDAŞ integrated CRM (Customer Relationship Management) with the mobile application and its use has become widespread. It strengthens the communication by sending notifications, greetings and congratulations to customers over the application.

Operating in the most mountainous, cold and difficult geography of Turkey, Aras EDAŞ has continued its diligent efforts despite the pandemic impacting its already hard working conditions. Aras EDAŞ team, which fixed the failure in the region by obtaining permit from the governorship and wearing special clothes for the failure in the quarantine zone, became the subject of national and local media reports.



ARAS ELEKTRİK DAĞITIM A.Ş. (ARAS EDAŞ)



In 2020, when the coronavirus outbreak adversely impacted daily, social and business life, Aras EDAŞ provided its employees with the necessary infrastructure for remote working in order to protect their health and safety. Applying measures in order to make employees and customers feel safe in the office and to provide them a healthy environment, the Company hands out protective equipment to its employees such as masks, gloves and hand sanitizers. Temperatures checks are made while entering the premises and hand sanitizers are provided. The hand sanitizers provided at the entrance of each unit were placed inside the units as well and the seating arrangement in the units and common use areas has been revised in accordance with the social distance rule. Aras EDAŞ made the use of masks mandatory and temporarily suspended access to areas where hightouch surfaces such as card readers are located. HES codes are being checked and the meetings and training sessions are held online.

Carrying out most of its activities in the field, Aras EDAŞ got through this period carefully. Since customers were home during the pandemic, the field teams continued their operations on a 24/7 basis.

In order for its customers and employees to carry out this process digitally without coming to the workplace, Aras EDAŞ launched the Connection Monitoring System (CMS) for subscription transactions.

In order to prevent the loss of motivation and sense of ownership during the remote working period, Aras EDAŞ sent books to its employees and held a reading event with the participation of the Solution Center team.

In order for its customers and employees to carry out this process digitally without coming to the workplace, Aras EDAŞ launched the Connection Monitoring System (CMS) for subscription transactions.

2020 Projects

Most Comprehensive Maintenance Work in the Electricity Distribution Industry

Performing the most comprehensive maintenance work in the sector in 2020, Aras EDAŞ achieved the highest maintenance ratio among all distribution companies. Maintaining 50% of its entire grid despite the tough geographical and climatic conditions of the region, Aras EDAŞ provides uninterrupted and high-quality energy to its customers.

New Period in Geographic Information Systems

Within the scope of the studies on Geographic Information Systems (GIS), which started in 2015 and was completed in 1 year, Aras EDAŞ modeled its entire (LV+MV) grid/line of 57,915.94 km located in its service area. With the aim of keeping CBS alive, which provides an infrastructure for many different systems such as SCADA, OMS (Outage Management System) and WFM (Workforce Management) in addition to achieve cost and time savings, a model with a perfect database, which enabled the transition to the next generation infrastructure by gaining smart grid capabilities, was prepared.

Extension of Cable Test Fleet

Including seven additional vehicles to its cable test vehicle fleet in 2020, Aras EDAŞ ensured that the failures occurring in underground cables are detected point-by-point and responded immediately.

Aras EDAŞ Occupational Health and Safety Practices

- Employees are informed about possible risks by making a risk assessment and necessary precautions are taken.
- All employees are given basic occupational health and safety training before starting to work and provided with practical training on the use of personal protective equipment.
- With the First Aid training approved by the Ministry of Health, it is ensured that the first aid knowledge of the employees is increased in case of emergencies.



- In order to spread a safety culture, employees are given in-house occupational safety awareness trainings.
- In accordance with the hazard class of the company, an Occupational Safety Specialist, a workplace doctor and other health personnel are employed.
- By analyzing work accident and near miss statistics, improvement and development activities are carried out to achieve a zero-accident workplace.
- Health examinations of employees are carried out by the workplace physician before they start working. Employees are subjected to health screening on a regular basis.
- Contingency plans were made for all workplaces and the awareness of the employees was raised regarding emergencies.
- · Field inspections are carried out.
- Annual checks of fire extinguishers are being made and fire drills are carried out to increase the knowledge and skills of the employees in case of a potential fire incident.
- Occupational health and safety boards were formed in the Provincial Coordinating Offices and meetings with executives, employees and union representatives are being held on a monthly basis.
- All machinery equipment in the working areas are checked regularly by an authorized mechanical engineer.
- Work processes of subcontractors and contractors are regulated within the scope of occupational health, safety and environment agreements.

Performing the most comprehensive maintenance work in the sector in 2020, Aras EDAŞ achieved the highest maintenance ratio among all distribution companies.

Within the scope
of Geographic
Information
Systems studies,
operating in the
second largest
region in Turkey,
Aras EDAŞ collected
its entire (LV+MV)
grid/line of 57,916
km located on its
service area, and
modeled and put
them into service.

ARAS ELEKTRİK DAĞITIM A.Ş. (ARAS EDAŞ)



- In cases where collective protection is not possible, personal protective equipment in compliance with the standards was delivered to the employees against potential risks.
- Occupational safety materials were distributed to all teams.
- Thermal comfort, noise, lighting etc. measurements are applied to the working areas.
- Awareness trainings on occupational accidents are organized.
- All employees were informed of the anti-coronavirus measures through internal communication channels.
- Contingency Plans have been prepared for the pandemic process.
- Risk Assessment Analyzes have been updated in line with the pandemic.
- All work areas have been disinfected and hand sanitizers have been placed.
- · Masks were distributed to employees.
- All employees who are COVID positive or those in contact with positive cases are tracked and reported by the workplace physician.
- An Anti-Coronavirus Instruction was prepared to raise awareness regarding measures against the pandemic.
- Safe Remote Working Instruction has been prepared, which includes safe working methods for those working from home.
- Employees were informed about the correct use of masks and gloves.
- The Normalization Process Instruction containing the rules on the new normal has been prepared.
- Separate waste buckets have been prepared for masks.

Under Occupational
Health and Safety
practices put into
effect in 2020, an
Anti-Coronavirus
Instruction was
prepared to
raise awareness
regarding measures
against the
pandemic.

Achieving
the highest
maintenance rate
among distribution
companies, Aras
EDAŞ maintained
50% of its entire
grid despite the
tough geographical
and climatic
conditions of the
region.

"Firsts" and "Major Achievements" in the Sector

- The first electricity distribution company in Turkey to has "Training and Collaboration Protocol" with the universities in the city.
- It is the first distribution company to receive the ISO 50001 Energy Management System standard.
- The new communication platform ARIMER (Aras Communication Center), which is a first among the Electricity Distribution Companies, brings the managers and the customers together directly. With the "Manager Communication Line," any requests or complaints can directly be sent by the customer to the manager via ARIMER.
- Achieving the highest maintenance rate among all distribution companies, Aras EDAŞ maintained 50% of its entire grid despite the tough geographical and climatic conditions of the region.
- Thanks to the Geographic Information System (GIS), Aras EDAŞ collected its entire (LV+MV) grid/line of 57,915.94 km located on its service area, and modeled and put them into service.

Competitive Advantages of Aras EDAŞ

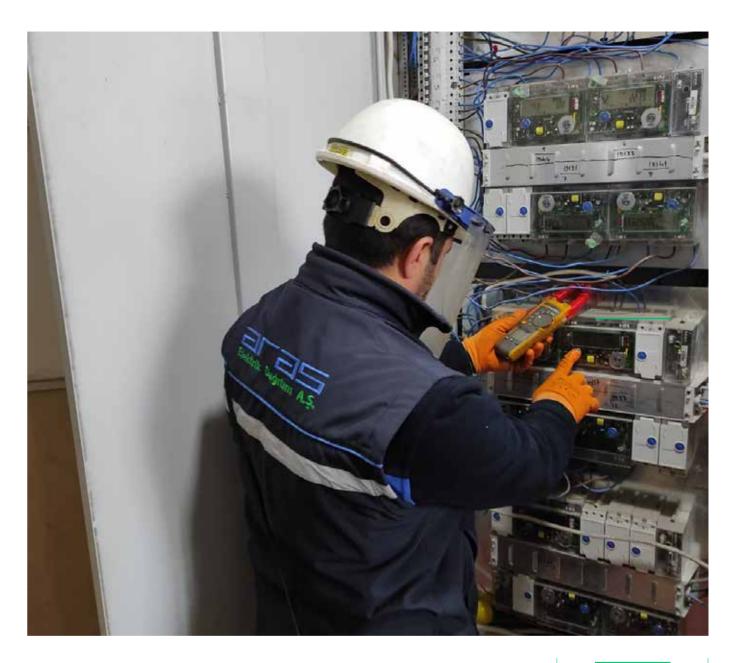
- Geo-strategic significance of its operating region
- Largest company in the eastern Anatolia region
- Location in a region included in the incentive program

Quality Standards and Certifications

- ISO 9001 Quality Management System
- ISO 14001 Environmental Management System
- ISO 27001 Information Security Management System
- ISO 45001 Occupational Health and Safety Management System
- ISO 10002 Customer Satisfaction and Complaints Handling
- ISO 50001 Energy Management System

In addition to these, certificates and memberships received in 2020 are as follows:

- Customer Services and Call Centers Service Quality ISO 18295-1 and ISO 18295-2 Standards
- World Energy Council Membership



Goals

- To ensure technical quality and continuous power with the LV & HV (MV) power distribution systems in its operating region-covering the provinces of Ağrı, Ardahan, Bayburt, Erzincan, Erzurum, Iğdır and Kars,
- To maintain a high level of customer satisfaction by offering uninterrupted and high-quality service,
- To undertake renewal, improvement, voltage conversion and expansion efforts to minimize the number of faults.
- To increase R&D investments.

Surface Area Ratio of ARAS' Operating Region to Turkey's Total Surface Area

The total area of the company's operating region corresponds to 11.1% of Turkey's total surface area. Agriculture and livestock breeding are the major sources of income in the region. Aras EDAŞ provides service to more than 2 million customers located on a land area of 70,554 km², in one of the country's harshest regions.

Aras EDAŞ provides service to more than 2 million customers located on a land area of 70,554 km², in one of the country's harshest regions.

ARAS ELEKTRİK PERAKENDE SATIŞ A.Ş. (ARAS EPSAŞ)

Electricity retail sales activities in Eastern Anatolia Region

Aras EPSAŞ carries out authorized electricity retail sales service in Erzurum, Erzincan, Ağrı, Ardahan, Kars, Bayburf and Iğdır provinces, and sales activities to eligible consumers across Turkey.



Vision

To create added value in the Turkish economy and the quality of life of society with sustainable and renewable energy.

Mission

To establish a rational and sustainable lifelong partnership with all Aras EPSAŞ customers by adopting an innovative service concept that generated effective customer satisfaction with its service quality, prioritizes the protection of the environment, supports the way of doing business with technological developments.

2.2
Million
People Served

Aras EPSAŞ's vision is to create added value in the Turkish economy and the quality of life of society with sustainable and renewable energy.

Values

- Value to Human
- High-quality Service
- Customer Focus
- Sensitivity
- Proactive Solution
- Transparency
- Reliability
- Innovation
- Accessibility
- Ethical Competition Approach
- Technological Innovation
- Respect for the Environment

Quality Policy

As the leading brand in the electricity retail sales sector with the motto "Our energy is yours" and within the framework of legal regulations and relevant legislation;

 New investments are being made and commissioned to provide our customers with uninterrupted and high-quality electricity.



2.2 TL BillionNet Sales

99.37%

Rate of Accrual Collected

In 2020, Aras
EPSAŞ accurately
brought together
high consumption
customer, profitable
customer, stable
paying customer
and potential
customer groups.

- It is ensured that retail sales services are provided to customers in a friendly, fair, flawless and timely manner in line with the modern management approach.
- The continuity of customer satisfaction and service quality are prioritized.
- Training is organized to ensure consistency between the individual goals of the employees and the goals of the Company, to develop and maintain a feeling of unity and solidarity at the highest level, and to consolidate the sense of belonging and motivation.
- All employees are supported with occupational training and personal development programs and training are organized to ensure that they continuously improve themselves and increase their productivity.

Aras Elektrik Perakende Satış A.Ş. (Aras EPSAŞ) was established in Erzurum on December 13, 2012 and received the Retail Sales License numbered EPS 4207-16/2512 upon the decision of the Energy Market and Regulatory Board. The partial separation of retail sales operations within the framework of the Procedures and Principles Regarding the Legal Separation of Distribution and Retail Sales Operations was registered on 31 December 2012.

Carrying out electricity retail sales activities in Erzurum, Erzincan, Ağrı, Ardahan, Kars, Bayburt and Iğdır provinces under its license, Aras EPSAŞ is the main electric supplier of 2.2 million persons.

2020 Highlights

Debt Collection Department

The year 2020 was a successful year in which the collection targets were achieved, and 99.37% of TL 1,984,946,295 accrual was collected. Having managed to keep its collection rate high in 2020 despite the closure of many businesses, industries and medium/small-sized enterprises due to the adverse impacts of the pandemic, Aras EPSAŞ escalated the bank automatic payment order rate especially for residences and businesses and increased the collection rate and customer satisfaction.

In 2020, 99.70% of the accrual of 1,000 non-regional eligible consumers included in the Company's portfolio was collected. In addition, the public institution collection rate reached 99.90%; Aras EPSAŞ, which achieved 100% collection from one Metropolitan Municipality, six Provincial Municipalities and 58 District Municipalities, has made a breakthrough.

Sales Marketing Directorate

With the tariff unit prices announced in the last quarter of 2019, favorable conditions began to emerge in the energy market in terms of Sales and Marketing. Therefore, customers with eligible consumer capacity within and outside the region can now be included in the portfolio. Within this framework, Aras EPSAŞ consistently included a total of 40,457 eligible consumer subscribers in and out of the region to its portfolio in 2020.

By accurately bringing high consumption customer, profitable customer, stable paying and potential customer groups together in 2020, Aras EPSAŞ signed various protocols with institutions to promote all subscribers in order to increase and maintain profitability and minimize all foreseeable risks, especially the collection risk.

ARAS ELEKTRİK PERAKENDE SATIS A.S. (ARAS EPSAS)





By the end of 2020, Aras EPSAŞ's number of Dasks was 4,795, and the success rate was 80%.

Controls are performed over the system to ensure that the information received from the subscribers is processed correctly and that no errors occur. While the rate of e-mail addresses, which were taken as permanent data storage during subscription increased to 81% at the end of 2020 compared to 40% of the previous year.

Warnings, trainings and controls were carried out in order to reduce errors and increase the quality of service by conducting inspections in the provinces and districts within the responsibility area of Aras EPSAŞ.

In 2020, a user ID was received from the General Directorate of Civil Registration and Citizenship Affairs on behalf of Aras EPSAŞ. Starting to send a copy of e-archive bills to its customers as SMS with a short link as of August 2020, the Company monitors whether these SMSs are read via the e-archive bill portal.

Also starting to upload e-mails and phone numbers available in the Customer Information System into the Message Management System (MMS) by December 2020, Aras EPSAŞ initiated works for integration with MMS for automatic data uploading in 2021.

In 2020, devices were provided and software studies were made for collective bill printing in Patnos and Doğubayazıt districts.

Energy Trade Directorate

The year 2020 was a productive and competitive year for energy supply companies as the prices became tradable. Aras EPSAŞ also increased its eligible consumer activities in 2020 and achieved high profitability. Aras EPSAŞ, which strengthened its bilateral relations with OIZs and large factories, especially with the Last Resource Supply Tariff, signed profitable agreements.

581TL Million
Total Assets

Warnings, trainings and controls were carried out in order to reduce errors and increase the quality of service by conducting inspections in the provinces and districts within the responsibility area of Aras EPSAŞ.

Aras EPSAŞ, which played an active role in the market through better cost analyses in 2020, aimed to spend a productive year by reducing its regulation costs in 2020 after the stagnant 2018-2019 years. However, with the acceleration of eligible consumer activities, the Company focused its strategy on expanding its eligible consumer portfolio.

Legal Department

Having carried out revision studies in many areas in order to improve the legal infrastructure of the Company in accordance with the innovations in the legal field, Aras EPSAŞ generally realized these revision studies within the scope of the Law No. 6698 on Protection of Personal Data (KVKK). As Turkey's agile and innovative energy company, Aras EPSAS strives to produce solutions that touch human life and has simplified the requests and questions sent to the Company in this regard in a way that consumers can understand them, leaving no dark point regarding the issues they experience.

Registration was made for the realization of e-notification transactions in line with the Electronic Notification Regulation prepared in line with the Notification Law No. 7201, and all mail and other document transactions were ensured to be tracked through the UETS system by appointing an e-notification officer.

Under the KVKK VERBIS registration process, the Company's inventory managers and representative were appointed and registration procedures were performed in accordance with Law No. 6698 on the Protection of Personal Data (KVKK). Pursuant to Article 16 of Law No. 6698 on Personal Data Protection (KVKK), natural and legal persons who process personal data must register with VERBIS before starting data processing. It is required to be assigned to data issues for registration to VERBIS by the Personal Data Protection Board. In this respect, the Legal Department data officer was appointed, and all units in the Company were registered within the scope of the compliance process. Inventory managers were appointed at the Head Office and all branches in seven provinces, and the inventory prepared by the relevant units and the personal data recorded in the VERBIS system were registered in VERBIS within the scope of Law No. 6698 on Personal Data Protection (KVKK). As of 31.12.2020, the KVKK compliance process was made compulsory for natural and legal persons who meet the conditions.

Aras EPSAŞ carries out revision works in many areas in order to improve its legal infrastructure in accordance with the innovations in the legal field.

Under the KVKK
VERBIS registration
process, Aras
EPSAŞ's inventory
managers and
representative were
appointed and
the registration
procedures were
performed in
accordance with
Law No. 6698 on
the Protection of
Personal Data
(KVKK).

ARAS ELEKTRİK PERAKENDE SATIŞ A.Ş. (ARAS EPSAŞ)



Corporate Communication and Quality Department

Due to the pandemic, there were disruptions in the social responsibility projects and training plans made by the Corporate Communications Department at the beginning of the year. On the quality side, instructions were revised and activities continued without any disruption.

Coronavirus Measures

Aras EPSAŞ switched to remote working for a while upon the coronavirus outbreak, and then, as part of the normalization efforts, returned to office working system by paying attention to hygiene rules. In this respect, Aras EPSAŞ, which started to take more strict cleaning measures, regularly sterilizes the environments of the employees, places disinfectants in certain places and checks the temperature and HES code at the entrances. It has also made it mandatory for all employees to use masks.

"Firsts" and "Major Achievements" in the Sector

- ARIMER communication platform, which was first established in the energy sector in 2019 and enables customers to communicate directly with managers
- An ongoing software activity for sending invoices to customers via SMS digitally
- E-mails and phone numbers in the Customer Information System started to be uploaded to the Message Management System (MMS), and in 2021, works for

62TL Million
Total Shareholders'
Equity

Aras EPSAŞ
switched to
remote working
for a while upon
the coronavirus
outbreak, and
then, as part of
the normalization
efforts, returned
back to office
working system by
paying attention to
hygiene rules.

integration with MMS were initiated for automatic data uploading.

Competitive Advantages of Aras EPSAS

- Having experience, business knowledge and skill for eight years with employee stability
- Being well equipped with the "training, data support, tools/equipment and other materials" provided by the Company
- Target customer visits and targetoriented approaches
- Continuous market researches and competitive analyses
- Continuous monitoring of developments in the sector (Regulations/Legislations, Economy, Tenders, etc.)
- Efforts for new customers and effective appointment method
- Continuously developed sales strategies and continuous reporting service
- Providing the highest level of satisfaction by providing the best and highest quality service to the customer before and after-sales

Quality Standards and Certifications

- ISO 27001 Information Security Management System
- ISO 10002 Customer Satisfaction and Complaints Handling
- ISO 9001 Quality Management System
- ISO 45001 Occupational Health and Safety Management System
- ISO 14001 Environmental Management System
- ISO 27019 Information Security
 Management Guidelines for Process
 Control Systems Specific to the Energy
 Utility Industry

Goals for 2021 and the Future

- To offer and maintain the service quality with the most accurate, different and innovative service policies for the intended profile and target customers,
- To increase and maintain profitability by minimizing all foreseeable risks, especially the collection risk, by bringing high consumption customer, profitable customer, stable paying customer and potential customer groups together accurately.



 Leaving an accurate, secure and positive familiarity mark on the customers by increasing pre-sales and after-sales service quality everyday.

- To ensure the enhancement of the quality of service day by day, making it sustainable and continuous.
- To increase the efficiency by making supportive programs and personnel trainings continuous.
- 2021 collection from the accrual target: 99.40%.

Aras EPSAŞ aims
to offer and
maintain service
quality through
the most accurate,
most different and
innovative service
policies for the
intended profile and
target customers.

- To keep providing the best service with a fast and reliable service approach that is open to development and adheres to legal regulations and general principles of law.
- To achieve high profitability by analyzing market costs in the most accurate way and making accurate pricing. To play an active role in the market with competitive prices to achieve the targeted budget.
- To conduct market research and reduce costs in order to supply energy at the most affordable prices.
- To strengthen mutual relations with high consumption customers who are served one-on-one and ensure that they remain in the portfolio with ideal profit rates.
- To diversify energy supply through various financial contracts and increase company profit.
- To become a leading, universal brand in the electricity retail sector.
- To maintain steady growth in relation to retail companies in Europe and achieving lasting success driven by a customer-focused strategy.
- To participate in projects to improve the life quality of the society it lives in.
- To continue training programs to ensure that employees are improved continuously by supporting all employees with occupational training and personal development programs.
- To act in a solution-oriented and anticipatory way to ensure and boost the continuity of customer satisfaction and service quality.
- Being an exemplary company by complying with the terms of the Quality Management System and to continuously improve its efficiency with the participation of employees.

Financial Summary (TL Million)	2019	2020
Total Assets	453	581
Net Sales	1,451	2,197
Total Equity	43	62
EBITDA	33	58
EBITDA Margin (%)	2.2	2.6



AN OVERVIEW OF THE CONSTRUCTION SECTOR IN 2020

A sector with a bright future

In 2021, a rapid recovery in the world and Turkey is expected with the start of vaccinations and partial removal of travel restrictions.

Global Construction Sector

The coronavirus outbreak that swept the whole world in 2020 deeply affected all sectors, as well as the construction sector, causing many global contractors and real estate developers to go through one of the most challenging times in history. The measures taken to prevent the transmission of the virus in the field and sales offices during the outbreak seriously disrupted the functioning of the construction sector globally. Contract and project cancellations or delays, as well as significantly reduced demand for real estate have put the sector in a difficult position. According to the data announced on the European side, the construction sector almost collapsed

In 2021, the sector is expected to reach a size of USD 11.496 million, surpassing the pre-pandemic figure.

in France, Italy, the United Kingdom, and Germany due to the impact of construction sites being vacated after the outbreak. In the USA, there was a significant loss of employment on the construction sector side; the unemployment rate of the sector almost doubled in 2020 compared to the previous year, despite the recovery in the last months of the year.

The British consulting company GlobalData, which reported an estimate that the sector would grow by 3.1% in the pre-coronavirus period, announced with a sharp downward revision in its expectation that alobal construction production will shrink by 3.1% in 2020.





The June 2020 data for the construction sector shows that the sector has made a rapid comeback with the opening of economic activities.

On the housing side,

in 2020, the melting

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made a significant

contribution to

providing cash flow to companies.

In 2021, in the world and in Turkey a rapid recovery is expected with the start of vaccinations and the partial removal of travel restrictions. Indeed, alobal contracting jobs are on the point of reaching their level of 2019. The global market size, which was USD 11,217 million in 2019, decreased to USD 10.566 million with a rapid recovery despite all negativities in 2020. In 2021, the sector is expected to reach a size of USD 11,496 million, surpassing the pre-pandemic figure.

Turkey's Construction Sector

The construction sector, which did not show a brilliant performance in 2018 and 2019 in Turkey, also started 2020 with contraction in the first quarter. While the Turkish economy grew by 4.5% in January-March 2020, when the impact of the outbreak was felt partially, the construction sector was the only sector where the contraction continued for the same period with a rate of -1.5%. Construction spending, which declined since the last two quarters of 2018, decreased by 10.2% in real terms in the first guarter of 2020 compared to the same period of the previous year and construction investments amounted to TL 137.5 billion at current prices according to TÜİK data for the period in question. As the outbreak was observed in Turkey, the decline in infrastructure and construction tenders accelerated, while investments came to a standstill.

Along with the normalization steps that were taken gradually and cautiously since June, the government's incentives have played an important role in the revival of the sector. The interest rate cuts of the Central Bank, the participation of state banks in this and the provision of cheap housing loans as well as debt postponements on existing loans have brought mobility to the sector. Especially housing loans of public banks given at an interest rate of 0.64% per month were in high demand: the expansion in housing loans also led to a significant increase in first- and second-hand house sales. On the housing side, the melting of stocks formed in 2018 and 2019 provided a lifeline support to the sector while having made a significant contribution to providing cash flow to companies, and in this period, unfinished housing projects had the opportunity to continue.

The June data for the construction sector shows that the sector has made a rapid comeback with the opening of economic activities. In June, the factors restricting activities in the construction sector decreased while the lack of demand declined; similarly, financing problems eased while the negative impacts of other factors were minimized. Accordingly, it is seen that both the current level of business and the newly received orders in the sector have increased significantly.



AN OVERVIEW OF THE CONSTRUCTION SECTOR IN 2020



The fact that the outbreak was based in China caused a collapse in the most important link of the global supply chain, making our country, which is strategically located and positively differentiates in competition thanks to its foreign currency structure, the focus of attention of global investors. With its strong logistics infrastructure and qualified industry, Turkey has taken an important opportunity to increase its share of the global supply chain.

On the side of infrastructure projects, the search for an alternative to China. which was the world's production base before the outbreak, has accelerated. At this stage, the difficulties experienced in the field of supply and logistics during the outbreak period have led countries to invest in their own infrastructure and diversify their production facilities. For the last three months of 2020, it is observed that especially Turkish companies received large projects abroad in the subcategories of construction such as infrastructure, energy, oil and petrogas lines, and on the other hand, applications of those wishing to work abroad to

projects in Dubai, Qatar, Turkmenistan, Russia, and Romania were dense.

Turkey remembered the fact of the earthquake in 2020 frequently and experienced the shock of earthquakes in Malatya, Elaziğ and Izmir. The issue regarding old building stock and urban transformation works in risky areas has been raised again. According to the figures announced after the Aegean earthquake, 6.7 million houses are still defined as risky. According to TÜİK data, considering that 3-4 citizens live in each house, currently 22 million citizens live in risky buildings across the country.

The positive relationship between the construction sector, which is one of the locomotives of the Turkish economy, and the overall growth experienced in the economy, has broken significantly over the past eight quarters. In 2018, the construction sector shrank by 1.9% while the economy grew by 3%; and in 2019, the construction sector shrank by 8.6% while the economy grew by 0.9%. In the third quarter of 2020, on the other hand, the economy grew by 6.7%, while

For the last three months of 2020, it is observed that especially Turkish companies received large projects abroad in the subcategories of construction such as infrastructure, energy, oil and petrogas lines.

the construction sector grew by 6.4%. In the first nine months of the year, the economy grew by 0.4%, while the growth rate in the construction sector was 0.8%; this shows that the growth performance of the construction and overall economy converged again in 2020.

In 2020, the construction sector used a total of TL 49 billion of new loans by the end of September at very low interest rates. The use of new loans significantly relieved the construction sector and the contracting sector financially; accordingly, activities also revived and a rapid return to existing jobs occurred. This impact lasted until the end of the year, but loan growth was slowed down by the strict application of monetary policy in general. Annual overall loan growth is expected to remain at 15% in 2021; accordingly, the growth of the loans used by the construction sector is also slowing down.

The coronavirus outbreak is also affecting Turkey's foreign contracting services in a very negative way. According to the 2020 results of the "World's 250 Largest International Contractors List," which is followed with interest by economic circles across the world every year and which is published by the international construction industry magazine ENR (Engineering News Record) based on the revenues contractors received from their activities outside their country in the previous year; despite the 2.9% contraction in the international construction market last year, Turkish contractors managed to maintain second place after China with 44 companies on the list. Turkish companies also maintain their 4.6% share in the global market with revenues of USD 21.6 billion.

As the outbreak was observed in Turkey, the decline in construction, especially in infrastructure tenders accelerated, and investments came to a standstill. TUIK's GDP data for the second quarter of the year also show that there was a 6.1% contraction in total gross fixed capital investments, which included construction and machinery-equipment investments. In the third quarter, it was announced that construction investments increased by 14.7% compared to the same period of the previous year. The investment increase

and the revival of the construction sector, which is the locomotive of growth, are also important for the economy as a whole.

Global and Domestic Position of Gap İnşaat

To date, Gap İnşaat successfully completed 135 projects with a total contract value of USD 6.34 billion on an international scale and is currently continuing three separate projects worth USD 688 million in Turkey, Turkmenistan and Qatar. It also carries out joint projects with Calık Enerji and Japanese Mitsubishi Corporation companies in Uzbekistan and Iraq. Gap İnşaat is one of the outstanding companies in the world with a serious job completion qualification in the fields of infrastructure, superstructure, industrial and health projects. With this qualified structure, it receives serious business invitations from all geography points within a five-hour flight distance from

In 2020 Gap İnşaat once again managed to take part in the world's largest contractors ranking, where it is present continuously since 2006. The quality to finish work in the infrastructure, superstructure, industrial and health fields as well as the logistic ability and skill to develop large-scale projects internationally with global solution partners, stand out as the main factors that positively distinguish Gap İnşaat in regional markets.

4.6%

Global Market Share of Turkish Companies

Gap İnşaat is currently continuing three separate projects worth USD 688 million in Turkey, Turkmenistan and Qatar.

6.34

USD BillionTotal Value of Gap
İnşaat Projects

GAP İNŞAAT

Value for people, value for the future

Gap İnşaat has been continuously listed since 2006 in the "World's Largest Contractors" ranking announced annually by the American ENR Magazine.



2020 Highlights

Gap İnşaat, which regards it a duty to be involved in the fight against the coronavirus altogether as a country, has continued to produce services for future healthy generations in 2020. Gap İnşaat, which has adopted the motto 'Engineering of the future' as a principle, experienced the excitement of signing a very critical project in accordance with this vision in 2020, when the global pandemic was mainly experienced. Having a significant experience due to health projects it conducted abroad, Gap İnşaat completed the production of special air cleaning appliance to fight coronavirus developed in its R&D centers, and donated 36 air cleaning appliances in the first stage to 32 hospitals in Istanbul. The appliance decreases the risk of getting sick for all medical personnel by reducing the intensity of the virus in confined spaces.

Gap İnşaat, which managed to complete the projects it worked on in accordance with the delivery date despite the outbreak, opened and delivered the **Burn Treatment** Center and **Cosmetology Center** built in Ashgabat, the capital of Turkmenistan in 2020.

Gap İnşaat is working on two more new products together with an air cleaning appliance that neutralizes airborne viruses. After the completion of the processes of new products that will neutralize the virus by applying UVC to all surfaces in non-human spaces with a mobile product that can be operated remotely to neutralize viruses present on the ground, production will be commenced. Gap İnşaat plans to donate 150 pieces of its three innovative devices, which will play a very important role in the fight against coronavirus, to hospitals in Turkey.

On the other hand, Gap İnşaat, which managed to complete the projects it worked on in accordance with the delivery date despite the outbreak, opened and delivered the Burn Treatment Center and Cosmetology Center built in Ashgabat, the capital of Turkmenistan in 2020. Gap İnsaat



planned these two projects with cuttingedge designs required by the industry. Having them equipped with advanced technology devices and equipment, they were then put into service.

Zincirlikuyu Tower and Aktif Bank
Headquarters Building located on
Büyükdere Street in Istanbul were also
the other projects completed in 2020.
Aktif Bank, the largest investment
bank of Turkey, moved to its own
headquarters building in 2020, which
Gap İnşaat built with a modern design
and smart building concept. The leasing
activities of the Zincirlikuyu Tower
Project are ongoing.

Significant progress was made in the Basra Port expansion project led by Çalık Enerji Mitsubishi Corporation in 2020 despite the pandemic, and the project has reached the delivery stage.

Projects Completed in 2020

Burn Treatment Hospital

Its construction began in 2018 in Ashgabat, capital of Turkmenistan, and was completed and opened in 2020. It has four operation theatres, 20 intensive care units and a capacity of 130 beds. Its total construction area is 26,500 m² and is built on an area of 4.05 hectares. It is designed in accordance with SNT criteria as well as international standards.

Cosmetology Hospital and Parking Area

The construction of the International Cosmetology Center, with a covered area of 9,650 m² and with a design in the shape of a hand mirror, was started in 2018 in Ashgabat, capital of Turkmenistan and became operational in 2020. In the clinic equipped with technological applications and modern devices, the rooms where aesthetics operations will be made, mini surgical rooms, SPA center, beauty salons as well as theoretical and practical training areas are available. A parking area of 240 vehicles was also planned in the same location.

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GAP İNSAAT



Ongoing Projects in 2020

Qatar Military Training Facility Proiect

Started in Qatar's capital Doha in 2019, the Qatar Military Training Facility Project is the most prestigious project carried out by Gap İnşaat in the Gulf Region. The Project, which is expected to become one of the simulation and training centers in the world with its high technology equipment is planned to be completed in 2022.

Taksim 360 Residence and Office Project

As the first urban renewal project conducted by public-private partnerships in Turkey, the Taksim 360 project is designed as a modern residential area befitting Istanbul's singular texture and meeting the needs of urbanites. With nine blocks and 917 units, Taksim 360 Project consists of residential, office, commercial sections, shopping and concept streets serving social life. The project with a total construction area of 165 thousand square meters draws attention with its facade facing the boulevard with a length of 220 meters. In Taksim 360, one of the largest restoration projects

TL Billion Net Sales

Taksim 360 was named "Europe's Best Urban Renewal Project" at the **European Property** Awards.

in Turkey, traditional and modern life is presented with a distinct architectural interpretation. In Taksim 360 Project, which will bring the past to the present with its concept roads, the streets closed to traffic for a total of 1.4 km will be the new attraction area in the most central part of the city. After the completion of the 1st phase, the office area, the offices and commercial sections started to be leased in Taksim 360 - awarded as "Europe's Best Urban Renewal Project" by the European Property Awards.

Gap İnşaat, which also completed the construction of two separate plots consisting of residential blocks of the project in 2020, has started to deliver the flats to their owners. With the completion of the plots facing Tarlabaşı Boulevard, the second phase was completed and life has thus begun in the Taksim 360 project, and work continues on the other plots of the Taksim 360 project, which consists of nine plots.

7.6 TL Billion Total Assets

TL Billion Total Shareholders' Equity

"Firsts" and "Major Achievements" in the Sector

- Turkmenistan Science and Education Center, featuring the most advanced simulation center in the world
- · Zincirlikuyu Office Project, which has a Leed v3 certification
- Garaboğaz Fertilizer Factory, the largest fertilizer factory in Turkmenistan
- "ENR Best Global Projects" awarded Turkmenbashi International Seaport Project, the largest seaport on the Caspian Sea
- The entire construction works of Sulfide facilities of Anagold-Alacer in the İlic district of Erzincan and the Gediktepe Gold Mine Project in Balıkesir
- Taksim 360, the largest urban renewal project developed with public-private partnerships in Turkey

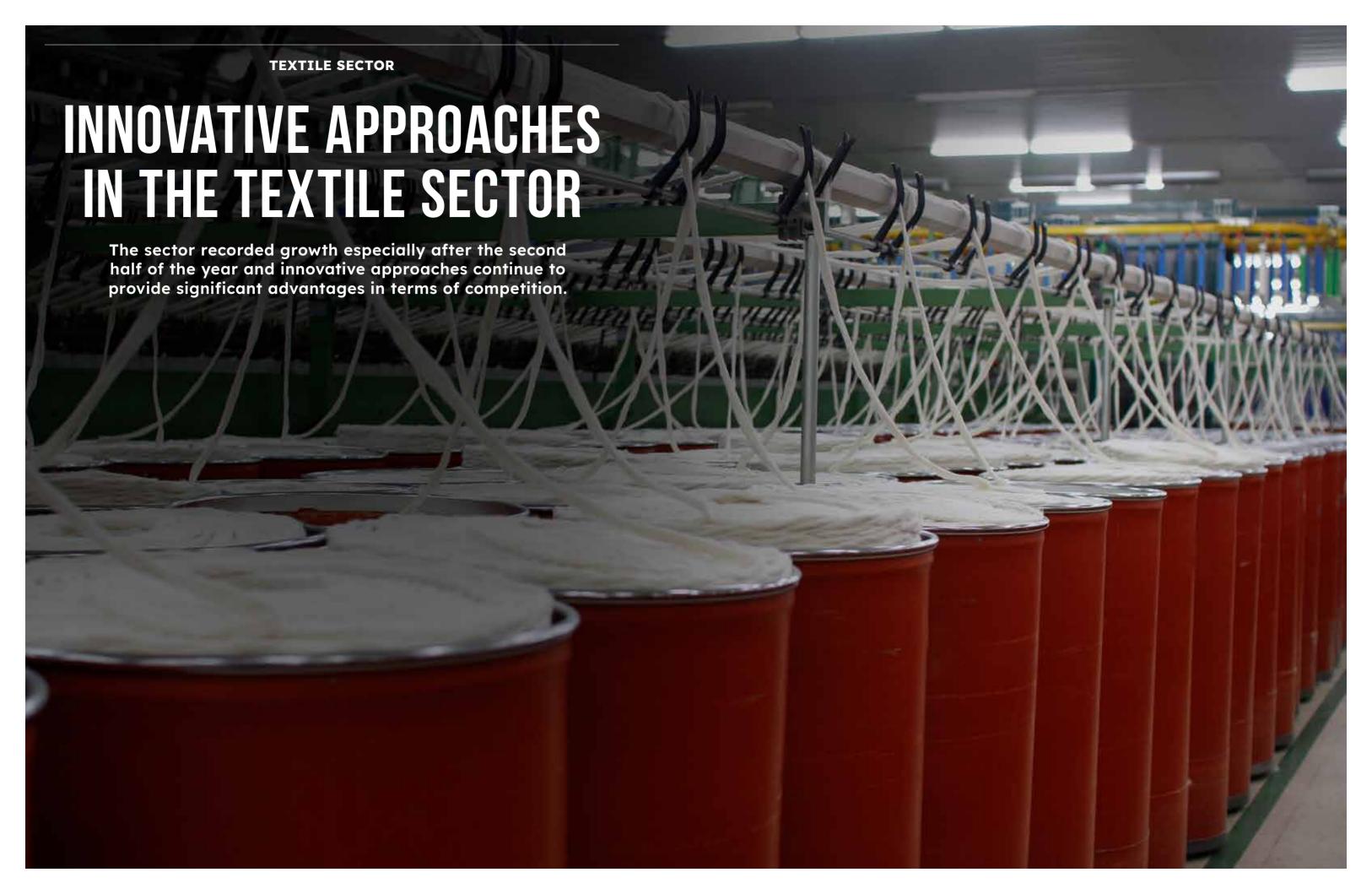
Quality Standards and Certifications

- ISO 9001:2015 Quality Management System Standard
- ISO 14001:2015 Environmental Management System Standard
- ISO 45001:2018 Occupational Health and Safety Management System Standard

Competitive Advantages

- Work experience in wide geography
- Reliability associated with the "Çalık" brand
- · International partnerships that create synergy
- Robust financial structure
- Organic growth model
- Experienced team and innovative solutions

Financial Summary (TL Million)	2018	2019	2020
Total Assets	6,518	6,499	7,645
Net Sales	2,020	1,242	1,826
Total Equity	1,587	2,007	2,110
EBITDA	-592	193	28
EBITDA Margin (%)	-29	16	2



Support to the country's economy with export activities The countries with the highest amount of ready-made garment

The countries with the highest amount of ready-made garment and apparel products importing from Turkey are Germany, Spain, England, Netherlands, France, USA, Italy, Iraq, Denmark, and Israel.

The COVID-19 outbreak, which caused many sectors to come to a standstill in 2020, increased the intensity of the textile sector with a relatively opposite impact; capacity occupancy came up to maximum levels in companies, especially at the knitting and yarn sectors, except for April and May. On the other hand, general uncertainty in commodity exchanges caused cotton prices to rise.

As of the second half of 2020, textile production grew, while ready-made garment production demonstrated a fluctuating performance throughout the year. Production in the ready-made garment sector continued to be under pressure due to order cancellations and postponements because of the tightening of restrictive measures due to the outbreak in EU countries, which are the main export market for production, exports and real revenues.

During January-December 2020, the textile sector realized an export totaling USD 17.1 billion, of which USD 12.2 billion was made to the European Union countries. In 2020, the countries with the highest amount of ready-made garment and apparel products importing from Turkey were Germany, Spain, England, Netherlands, France, USA, Italy, Iraq, Denmark, and Israel.

17.1

USD Billion
2020 Textile
Exports

As of the third quarter of 2020, raw material prices increased across the world, and these were reflected in the raw materials of the ready-made garment and textile sectors, such as cotton yarn, fiber and dye. While the strong demand of large manufacturers such as China and India caused rapid increases in raw material prices in a short time, cost increases also put pressure on domestic production.

The denim sector, which is one of the

The denim sector,
which is one of
the important
production branches
of the woven
apparel industry in
Turkey realized an
export amount of
USD 1.4 billion.

With the COVID-19 outbreak, business habits have changed in all areas, as well as in the textile and ready-made garment sectors. While fast delivery was important for the buyer before the outbreak, now the safe products are more important; the widespread practice of remote working also affected fashion. Homeworn products and regular clothes are becoming growing categories while health

With the COVID-19 outbreak, business habits have changed in all areas, as well as in the textile and ready-made garment sectors.



and hygiene textiles come to the forefront as an important category. Digitalization accelerated in production, marketing, logistics and office environments; communications with international customers are now carried out mainly through online channels.

For the denim sector, online sales increased after May and this process had a positive effect on brands investing in online sales channels. However, the denim sector premium fabric segment is thought to have shrunk by 20-30% compared to 2019.

Nowadays, when the fight against climate change has become the most important policy of the European Union, all global brands are implementing sustainability projects. There are plans to increase awareness of sustainability issues every day, such as less water usage, clean environment, recycling of textile products to be reused in production.

In this period of the pandemic when the entire world gained more awareness, Çalık Denim stands out in the sector with its anti-bacterial and anti-microbial products and technologies, and with its product groups minimizing resource consumption. These were developed with its Passion for Denim, Passion for Life sustainability strategy to create a positive impact aiming for a better life. By putting the negative impacts of this period aside and creating opportunities for itself, the

Company achieved significant progress in 2020 and thus completed some of its 2025 Sustainability Goals, which target in-house and sectoral developments, ahead of time. Then it has set new goals in response to the completed goals, by taking into account the global trends related to the industry.

On the other hand, new projects are being developed through studies in many areas related to e-commerce, alternative logistics channels, virtual fairs and digitalization in order for the sector to achieve its export targets. Another impact of the pandemic has been the facilitation of trade in the world, the acceleration of digital processes and the reduction of bureaucracy; digital meetings and presentations have become an indispensable part of business processes.

In the coming period, it is predicted that online sales, sustainability and brand collaborations will come to the forefront as the most important topics throughout the sector. It is considered that the sector will reach the export target of USD 10 billion by increasing market diversity in 2021 with the increase in demand, which will be provided by the expected strong recovery in Europe. Although the main market is European countries, increases in African and Asian countries indicate that the sector is developing its market diversity. Turkey is seen as the new focus of alobal supply chains, especially in the textile industry.

important production branches of the
woven apparel industry in Turkey realized
an export amount of USD 1.4 billion, which
was 12.5% lower than 2019. In 2020, the
countries with the most denim clothing
importing from Turkey are: Germany
with an export amount of USD 248.6
million, Spain with USD 236.3 million, and
Netherlands with USD 217.4 million.

As of the third guarter of 2020, raw.

Tor the denim sector increased after May a positive effect on online sales channel sector premium fab to have shrunk by 202019.

Nowadays, when the

In the coming period, it is predicted that online sales, sustainability and brand collaborations will come to the forefront as the most important topics throughout the sector.

CALIK DENİM

Trusted business partner of global brands

As of the end of 2020, Çalık Denim manufactures in a covered area of 379,322 m² with an annual capacity of 55 million meters and employs 2,435 people.

Çalık Denim, which is the first industrial investment of Çalık Holding, was established in Malatya in 1987 with an investment of USD 111 million. As of the end of 2020, Çalık Denim manufactures in a covered area of 379,322 m² with an annual capacity of 55 million meters and employs 2,435 people.

Initiating denim fabric production in 1996, Çalık Denim continued to grow with steady steps and commenced its ring spinning business in 1997. Continuing to increase its market share and brand awareness globally with its efficient production and marketing strategies, Çalık Denim transformed into

Çalık Denim opened its seventh R&D center in the textile industry in 2011 with the certificate granted by the Ministry of Science, Industry and Technology.

an integrated facility as of 2003 and continues to develop its product range, which also includes gabardine/velvet products.

Prioritizing R&D studies and working to adopt new technologies to the textile sector since it was incorporated, Çalık Denim opened its seventh R&D center in the textile industry in 2011 with the certificate granted by the Ministry of Science, Industry and Technology. Çalık Denim continues to consolidate its deep-rooted know-how in the industry with R&D efforts and new technologies and is known for its R&D center, which has become a science center in the industry.



Producing fabrics that add vision to the Turkish and alobal textile industry. Çalık Denim successfully carries out its operations in its production facility and R&D center in Malatya and the Sales and Marketing Center in Istanbul. With its customer-oriented efforts, Calık Denim is a dynamic supplier and reliable partner for global brands in the premium denim market, such as Acne, J Brand, GAP, Supreme, PRPS, Scotch & Soda, Polo Ralph Lauren, Banana Republic, Mother, Hugo Boss, Lucky Brand, Uterque, Massimo Dutti, H&M, Top Shop, Gerry Weber, Mavi Jeans, Tommy Hilfiger, Frame, Brax, Zara, Replay, Ann Taylor, Calvin Klein, Diesel, River Island, Kaporal 5. Mac Mode. Benetton. G Star. Salsa, Next. Jack & Jones, VF and 7 for AllManKind.

Leading the sector with its sustainable and innovative approaches, Çalık Denim exports to about 40 countries, especially Germany, Spain, USA, England, Netherlands, France, Scandinavia, Far East, Portugal and Italy. Obtaining its fabric revenue through direct export and realizing indirect export by making the majority of its sales to foreign brands, Çalık Denim obtains 82% of its fabric revenues and 70% of all its sales including yarn through its direct and indirect exports.

The Çalık Denim brand adds value to the economy with products that make a difference in the denim and gabardine fabric range. Also, Çalık Denim is in the Turquality Support Program and sets an example with GOTS, OCS, GRS, RCS, OEKO-TEX, Nordic Swan Ecolabel and EU ecolabel certificates, which are indicators of the priority the company gives to the environment in its activities. The Company also supports a nature-friendly approach in the textile industry with sustainable and organic denim fibers it has included in its product portfolio.

Çalık Denim, which is one of the world's leading premium denim producers, realized a production of 32 million meters of fabric in 2020. Çalık Denim, which is among the top three denim fabric manufacturers in Turkey, aims at selling 52 million meters of fabric in 2021.



Being one of the voluntary participants of the UN Global Compact, Çalık Denim has become one of the companies that signed the international "Denim Deal" coalition established by the Dutch Ministry of Infrastructure and Innovation in 2020 in order to create a positive impact for a better life.

2020 Highlights

Çalık Denim, which has shaped its investments for many years with the importance it attaches to innovation and sustainability, continued to receive positive results of these investments in 2020 and, in this context, it positively differentiated itself in the sector. As digital transformation became mandatory for all companies with the COVID-19 outbreak, Çalık Denim easily adapted to the period thanks to its already existing infrastructure and continued its activities without having any problems. Çalık Denim is one step ahead of the sector with its sustainable products and technologies and successfully completed 2020 with its activities in terms of digitalization, sustainability and innovation.

Digitalization

Focusing on digitalization efforts since 2018, Çalık Denim witnessed a significant increase in e-commerce sales, digitalized the production and tender stages; and in 2020 the Company implemented its e-tender projection.

55
Million Meters
Annual Production
Capacity

Focusing on digitalization efforts since 2018, Çalık Denim witnessed a significant increase in e-commerce sales and digitalized the production and tender stages.

ÇALIK DENİM



The mobile app once again reinforces the innovative and leading position of Çalık Denim in the sector and has become one of the most important tools of Çalık Denim in the rapidly digitalizing world during the pandemic. In this period when travel was restricted globally and social isolation became mandatory, Çalık Denim added two more new modules to its mobile application; unlike the other tabs, it developed these two sections without a password to reach all denim lovers.

After the COVID-19 outbreak, Çalık Denim also launched the New Technologies & Innovations Module in order to provide access to collection details for its customers with whom it could not meet face-to-face. In this module, in addition to collection areas of the application, video presentations of concepts are carried out.

In line with the Company's vision and expectations, Çalık Denim continues its efforts to achieve its goals of its digital transformation perspective by gaining the advantages offered by the Industry 4.0 approach and technologies. Çalık

32Million Meters
2020 Fabric
Production

Çalık Denim successfully completed 2020 with its activities in terms of digitalization, sustainability and innovation. Denim continues its digital transformation efforts in areas that will contribute to energy management, product traceability, integration of operational and information technologies, and end-to-end operational excellence. The Company, also collaborated with the Bosch brand in the field of digital energy management.

Sustainability

Calık Denim continues to implement the sustainability transformation it initiated within the scope of the Passion for Denim, Passion for Life strategy in all its business processes. The Sustainability Committee, which was formed to integrate the sustainability strategy into the business model and make it an integral part of the corporate culture, ensures that Çalık Denim's 2025 goals are realized and performance progress is followed. Çalık Denim, which aims to integrate sustainability, one of the most important issues of the 21st century, into all business processes reflecting the company's culture, also renewed its website in line with its sustainability strategy in 2020 and published a Sustainability Vision Film in order to convey this vision to its stakeholders.

Organizing monthly meetings with the Sustainability Committee regarding current and planned activities, Çalık Denim conducts innovation studies on sustainability and monitors its product-based and corporate carbon footprint.

Çalık Denim, which achieved a 100% increase in the energy produced from renewable sources compared to 2018, has reduced the use of conventional sources thanks to the use of renewable energy for electricity generation with the Solar Panel Project implemented in its factory. With the Rooftop Solar Power Plant Project, which was put into operation on 1 May 2020 and has an installed power of 820 kWe and an annual electricity generation capacity of 1,343,000 kWh, all of the annual electricity consumption of rope dyeing machines will be provided by solar energy. Within the scope of 2025 Goals, the Company, which has also prevented the release of 792.05 tons of CO₂ equivalent into the atmosphere annually

with the GES project, aims at both increasing the purchase of renewable energy to 50% and reducing overall greenhouse gas emissions by increasing renewable energy production by 10% compared to this year.

Increasing its revenue from the sustainable product category and having reached 20% of its total turnover, the Company updated its new target to 60%. Çalık Denim has ensured that its procured chemicals are 100% certified as per MRSL ZDHC version 1.0., successfully audited 30% of its suppliers in line with the sustainable raw material supply goals and updated its new goal to cover 60% of suppliers. Çalık Denim has set a new goal to ensure that the chemicals it procures are 95% GOTS certified.

Within the scope of Transformation Lab projects, Çalık Denim believes in the importance of inter-sectoral collaborations and carries out activities in this context. Also, projects realized as part of collaboration with non-sector stakeholders in order to find solutions to global environmental problems such as climate change, plastic waste reaching a point of crisis around the world, and rapid consumption of resources create quite important values in terms of sustainability.

Always adhering to transparency and accuracy principles for environmental product declaration, Çalık Denim has its Life Cycle Assessment (LCA) studies verified by independent verifiers and ensures the accuracy of every data shared. The Company, which publishes the Environmental Product Declaration (EPD) through The International EPD System with the verified outputs of the Life Cycle Assessment, records the environmental effects of the product and makes it available to all its stakeholders. The hot spots in production are determined through the LCA study, the online tracking system is activated and the consumption is monitored instantly through that system, the most sustainable types are determined and categorized with the real-time energy monitoring made from



the energy consumption screen. There are Product Category Rules (PCR) that apply to LCA studies all over the world. Product category rules (PCR) are the documents that form the basis of EPD certificates and guide LCA reporting, which is the preliminary study of an EPD certificate.

Washpro technology, one of Çalık Denim's sustainability-oriented innovations, promises long-term freshness for denim clothing. Thanks to the Washpro technology, which was first introduced at the Kingpins24 online exhibition in June with the Fall/Winter 2021-2022 collection, end users need fewer washes throughout the life cycle of their denim clothing, thus saving significant amounts of water and energy. In addition, Washpro technology also helps reduce microfiber pollution in the oceans and extend the life of denim clothing, as it reduces the number of household washes needed.

Çalık Denim showed the importance it attaches to circular design by also introducing the environmentally friendly yarn technology called E-Denim in its Spring/Summer 2022 collection. This yarn technology, which maximizes the recycled fiber content in the composition of the products, provides a more premium looking and sustainable fabrics production by supporting high quality production.

2.2TL Billion
Total Assets

136TL Million
Total Shareholders'
Equity

Çalık Denim
continues to
implement the
sustainability
transformation it
initiated within the
scope of the Passion
for Denim, Passion
for Life strategy
in all its business
processes.

CALIK DENİM

Washpro technology, one of Çalık Denim's sustainability-oriented innovations, promises long-term freshness for denim clothing.

Çalık Denim has implemented the new indigo dyeing method Dyepro technology as another result of its sensitivity on sustainable production, and with this technology, it provides dyeing without using water; it supports environmentally friendly production by significantly saving resources with this dyeing technology, which creates no chemical waste as well.

With the Transparency Monitoring System (TMS) developed with a focus on measurable goals, Calık Denim plans to measure inputs to production and optimize the resource usage throughout the production process. Thanks to TMS, the Company continues to maintain its activities that will contribute to the textile sector with a transparent and more sustainable production line.

Çalık Denim continued to publish its sustainability catalog which was first introduced in 2019 and includes all production practices related to the sustainability approach in 2020, as well. The catalog named Green Print Book

792 Tons CO₂ **Annual Prevented**

Carbon Release with

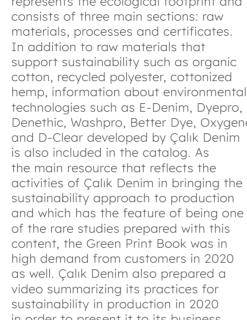
GES Project

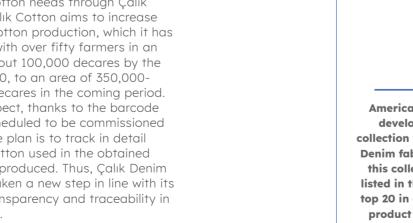
Representing the ecological footprint, information about environmental technologies such as E-Denim, Dyepro, Denethic, Washpro, Better Dye, Oxygene and D-Clear developed by Calık Denim is included in the Green Print Book.

represents the ecological footprint and consists of three main sections: raw materials, processes and certificates. In addition to raw materials that support sustainability such as organic cotton, recycled polyester, cottonized hemp, information about environmental technologies such as E-Denim, Dyepro, Denethic, Washpro, Better Dye, Oxygene and D-Clear developed by Çalık Denim is also included in the catalog. As the main resource that reflects the activities of Çalık Denim in bringing the sustainability approach to production and which has the feature of being one of the rare studies prepared with this content, the Green Print Book was in high demand from customers in 2020 as well. Çalık Denim also prepared a video summarizing its practices for sustainability in production in 2020 in order to present it to its business partners.

Çalık Denim, which acts with the sustainability understanding at every stage from seed to product, supplies all of its cotton needs through Calık Cotton. Çalık Cotton aims to increase its 100% cotton production, which it has arranged with over fifty farmers in an area of about 100,000 decares by the end of 2020, to an area of 350,000-400,000 decares in the coming period. In this respect, thanks to the barcode system scheduled to be commissioned in 2021, the plan is to track in detail how the cotton used in the obtained product is produced. Thus, Çalık Denim will have taken a new step in line with its goal of transparency and traceability in production.

Against the rapid increase in demand for products containing BCI (Better Cotton), Calık Denim has once again fulfilled its mission of being a sustainable denim fabric manufacturer in the supply chain





by meeting BCI demands reaching 100%.



TL Billion Net Sales

224 **TL Million EBITDA**

American Eagle developed a collection with Çalık Denim fabrics, and this collection is listed in the global top 20 in all denim product groups.

Innovation

Calık Denim introduced two main collections in 2020: the first being AW 21/22 Loxodrome and the other being SS 22 Bluephilia. Designed with the fabrics produced with the technologies developed by the Company's R&D facilities, these collections attracted great interest due to the fact they are sustainable and offer innovative features.

Çalık Denim digitalized all its business processes during the outbreak and launched its collections, which it realizes physically in April and October every season, on the online platform in 2020.

The UniFit product group was prepared by Lucky Brand, one of the leading denim brands in America, together with Çalık Denim, and it became the best-selling Jean group of 2020. American Eagle, one of the largest retail brands in the world, developed a collection with Çalık Denim fabrics, and this collection is listed in the global top 20 in all denim product groups. Çalık Denim, which is one of the leading denim suppliers of H&M, one of the most important fashion brands in the world, has also the Nordic Swan Certificate, which constitutes an important validity for Northern European countries.

Providing know-how service to its partner brands in addition to fabric production. Çalık Denim participated in online fairs because many fairs were physically canceled due to the coronavirus outbreak in 2020

Branding

Branding Journey in Collaboration with SDA Bocconi University

Calık Denim established a valued collaboration with SDA Bocconi, one of the world's leading universities. Based on the research studies conducted, the Company plans new and pioneering projects in the sector in line with its branding strategy.

Brand Collaborations

Good American

With its collections developed specifically for women, Çalık Denim started a collaboration for a sustainable and innovative collection with the world's leading American brand Good American in 2020. The Always Fits collection, which combines the innovative and sustainable fabrics of Çalık Denim with the promise of perfect harmony of Good American, can be accessed via online and offline channels.

The Always Fits Collection has been attracting great attention globally since its launch thanks to fabrics specially developed for Good American and made use of the combination of Çalık Denim's Selfsized concept, which breaks new ground in the sector with its unique features, and the Denethic technology. Since the collection is produced with Selfsized fabric and Denethic concept, it reduces energy and water usage and minimizes the risk of purchasing the wrong size jeans.

Edwin, one of the leading brands in America, created a new collection with the Selfsized concept, which breaks new ground in the sector by minimizing the risk of buying wrong size jeans in online shopping and ensures that a one-size jean fits perfectly in a wide range of different sizes thanks to Çalık Denim's ultra-high elasticity and cotton that provides maximum comfort and softness. The collection prepared in a wide range with different fits and colors attracts great attention in the sector.

ÇALIK DENİM

Zara FITHIT

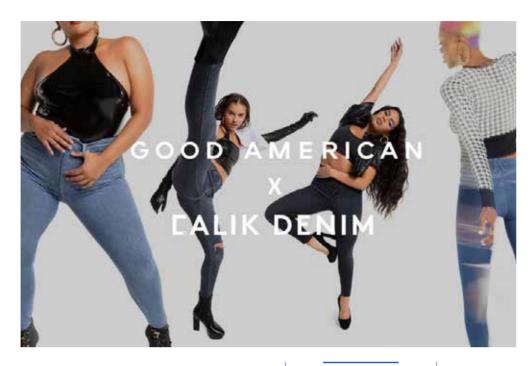
Zara, one of the important brands of the fast fashion industry, presented its new collection prepared with Çalık Denim's Fly Jean fabrics under the name FITHIT, in collaboration with Çalık Denim. The collection, which is available in Zara stores globally under the name FITHIT, has been presented for sale to the end user with the Çalık Denim logo on its inner labels and hangtags.

Flannel Bay Napoli

Çalık Denim has realized a collaboration project with the Italian company Flannel Bay Napoli, headquartered in Naples and specialized in tailor-made menswear, in which Royal Denim fabrics with silk and cashmere fibers are included in its composition. Within the scope of this collaboration, two different jacket models were designed by Flannel Bay Napoli and the related product features have been emphasized in the premium hangtags prepared by Çalık Denim and placed on the products.

Taka Q/Grand Back

For Grand-Back, a sub-brand of Taka Q also selling products from different brands along with its own brand in Japan and in order to be placed on the products in its stores Çalık Denim prepared a hangtag work emphasizing the features of the Selfsized product group. This work not only contributes to Çalık Denim's brand awareness in the Japanese market but also highlights the advantages that Çalık Denim products provide to the end user.



Designer Collaborations

Ahluwalia

Çalık Denim first came together with the Ahluwalia brand, founded by Priya Ahluwalia who is also the design director, at the "Ever Evolving Talks by Çalık Denim" held in 2019 and realized two more brand collaborations after the project. As the outcome of this collaboration, Ahluwalia's Frequency AW'20 and Traces AW'21 collections featured denim products designed with Çalık Denim's innovative and sustainable fabrics. Çalık Denim and Ahluwalia collaboration continues for the 2021 spring-summer season as well.

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Participated Fairs in 2020

Fair	Region	Country
Munich Fabric Start (Physical)	Europe	Germany
Kingpins24 Amsterdam (Online)	Europe	Netherlands
Kingpins24 US (Online)	America	USA
Premium Textile Japan (Physical)	Far East	Japan

One Square Meter

Çalık Denim cooperates with the worla's leading brands and designers as well as local craftsmen in accordance with its aim to design denim collections by adopting innovative approaches. In this respect, the Company continued its cooperation with One Square Meter, the leading "slow fashion" designer brand in Turkey, which produces handmade products for sustainable living, in 2020. One Square Meter's brand-new sustainable collection, which is produced using mostly Denethic fabrics of Çalık Denim, attracts great attention in the sector.

Fair Collaborations

Liberty Fairs Las Vegas

Since 2017, Çalık Denim collaborates with Liberty Fairs Las Vegas, which is one of the most prestigious tradeshows in the Western USA where it aims to increase its market share. Getting together for the sixth time with Liberty Fairs in 2020, Çalık Denim exhibited fabrics and pieces such as trousers, jackets and skirts from the Denethic concept, which draws attention with its sustainability features and makes its voice heard as a real innovation in the sector, in the area allocated at the Indigo Lounge, where booths of important denim brands such as Levi's, J Brand, Jack & Jones, AG, PRPS were located. Çalık Denim, which has managed to increase its brand awareness in the American market in a prestigious way with this project, maintains the privilege of being the first and only denim fabric manufacturer to collaborate with Liberty Fairs Las Vegas.

Supplier Collaborations

Polygiene

With the increase in demand for antimicrobial products in many sectors during the outbreak, Çalık Denim preferred ViralOff® Polygiene technology for some of its products in its Spring/Summer 2022 collection. Anti-microbial features have been added to the fabrics related to this technology. In order to feature the benefits that technology provides and to underline the collaboration between the two



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special hangtags it designed to the related products in its new collection.

Lenzing

In the capsule collection project called Black Label, which is created from fabrics containing TENCEL™ Modal fiber with Eco Color technology, the Lenzing company brought together a few fabric manufacturers; Çalık Denim's related fabrics were also included. This special collection, which aims to create a positive and sustainable impact on the fashion and textile industries, was introduced in the entire sector through Lenzing's social media channels.

Çalık Denim collaborated with Lenzing on many projects during 2020 and frequently took part in the company's platform called Carved In Blue with interviews and product/technology videos.

University Collaborations

Parsor

Every year, designers prepare collections with Çalık Denim fabrics in the Denim Department, established by one of the most established fashion schools in the world, Parsons School of Design in 2017 in cooperation with Çalık Denim. The collection of the top five students in 2020 was introduced in the sector at the KP24 Amsterdam Fair, which is the organization of the Kingpins Show and was held digitally on April 22-23 due to the pandemic.

Çalık Denim maintains the privilege of being the first and only denim fabric manufacturer to collaborate with Liberty Fairs Las Vegas.

ÇALIK DENİM



ITU - Denim Anatomy

Çalık Denim, which founded Denim Anatomy in 2015 with the mission of becoming a solution partner of customers within the scope of its collaboration with Istanbul Technical University (ITU), aims to contribute to the development of industry employees, including managers. Under the program, theoretical information regarding denim is provided to the participants who are expert academicians at ITU, and then practical information is given by showing denim production processes at the Malatya Factory. At the end of the program, the participants were awarded the certificate given by ITU. It is aimed to organize the training sessions twice a year in the future, and to include foreign customers in the training

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Sponsorship

Habit Fashion Awards 2020

Çalık Denim once again sponsored the Habit Fashion Awards, which it supported as a denim category sponsor for many years, in 2020. The Ceremony for Habit Fashion Awards, which is considered the most prestigious award in Scandinavia, was held online for the first time this year due to the outbreak. In the ceremony watched by about 200 participants online, Çalık Denim awarded Weekday, one of the leading brands in Northern Europe, with the "Best Scandinavian Denim Brand of the Year" title.



1.1
TL Billion
Net Sales

224
TL Million
EBITDA

Its extensive industry experience and leading innovation role, its global sales and service network, its product quality and strong brand image are the main competitive advantages of Çalık Denim that stand out in the sector.

COVID-19 Measures

Çalık Denim, which took high-level measures, requested an audit from TSE for the COVID-19 compliance certificate and succeeded in becoming one of the first companies to receive this certificate in Turkey, being the first company to receive this certificate in the textile sector.

Investments Realized in 2020

- Investments in Çalık Denim designed rope winding machines
- Rope opening machines investmentsMachine modernization investments
- for Dye Finishing Facility

 Quality control and quality cutting
- machines investments for the quality control department
- Two new boiler investments to provide better service to businesses
- Ring Yarn, Draw-Frame and Mixing line machines and modernization investments for the Yarn Facility
- SPP (Solar Energy System) investments
- Within the scope of Industry 4.0 investments, investments for monitoring the electricity, steam, air and water consumption of all facilities and machines

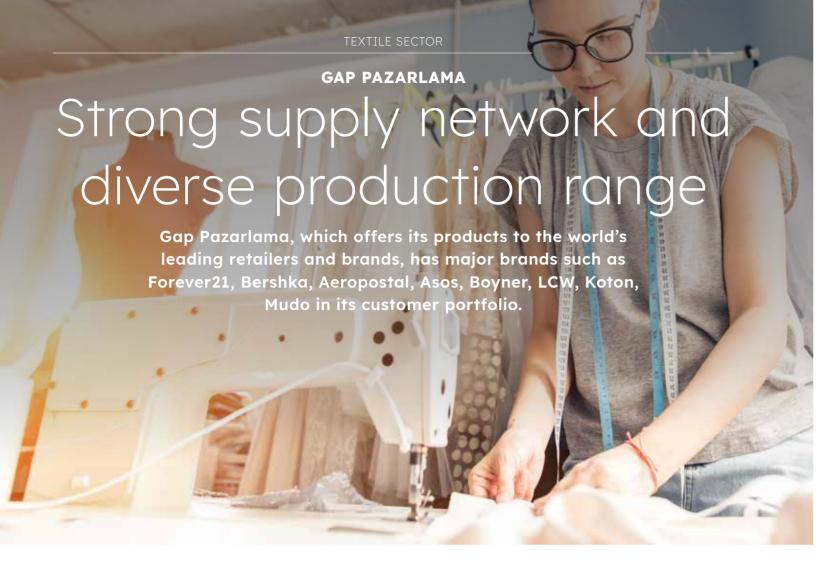
Quality Standards and Certifications

- ISO9001 Quality Management System Certificate
- ISO14001 Environmental Management System Certificate
- ISO45001 Occupational Health and Safety Management System Certificate
- ISO50001 Energy Management System Certificate
- ISO27001 Information Security Management System Certificate
- ISO10002 Customer Complaints Management System
- BCI Membership
- HIGG INDEX FEM (Environment) -FSLM (Social) Membership
- SEDEX Membership
- CTPAT Criteria Compliance
- OEKO-TEX
- GOTS
- OCS
- GRS
- RCSCOTTON USA
- Nordic Swan Ecolabel
- EU Ecolabel
- COVID-19 Safe Production Certificate

Competitive Advantages

- Extensive industry experience and leading innovation role
- Global sales and service network
- Innovation power and widespread recognition in the market
- Product quality and strong brand image,
- Increased brand awareness and brand equity as well as easier access to premium brands as a result of investing in brand identity
- Sustainability policy
- Steady investments in manufacturing capabilities

Financial Summary (TL Million)	2018	2019	2020
Total Assets	1,673	2,082	2,220
Net Sales	924	1,114	1,143
Total Equity	383	307	136
EBITDA	257	172	224
EBITDA Margin (%)	28	15	20



Having a strong supply network and a broad product range in Central Asia and North Africa, Gap Pazarlama supplies its products to the world's leading retailers and brands. It has major brands such as Forever21, Bershka, Aeropostal, Asos, Melon, Fashion Group, Ombre in its customer portfolio. In addition, it serves large retailers such as LC Waikiki, Colins, Koton, Mudo, as well as market groups such as Metro, Migros and Carrefour.

Developments in 2020

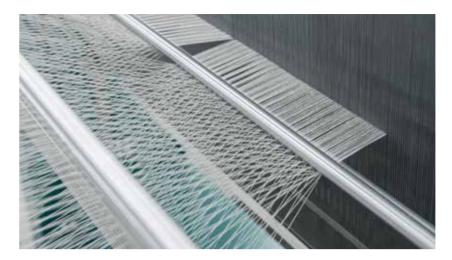
Gap Pazarlama switched to remote working to help protect the health of employees during the outbreak and was able to continue its operations without any interruption thanks to its qualified human resources and the system infrastructure in place. By taking advantage of the increase in demand in online sales, the Company has expanded its sales channels with products labeled with its own brand Denigma® and adopted a more flexible, more proactive structure.

315
TL Million
Net Sales

Gap Pazarlama was able to continue its operations without any interruption thanks to its qualified human resources and the system infrastructure in place during the outbreak.

In this respect, the Company aims to increase its online sales volume by creating different collection groups with its own design center. Gap Pazarlama, which has completed its themed collection containing new trends, has continued to provide value-added services to its customers with look books and video shoots. Gap Pazarlama developed 28 new types of fabric during the last two years and put 15 of them into sales as a result of its P&D activities. Quality products with high elasticity such as Enzo™ and Nicole™ have been highly appreciated.

In 2020, the Company also contacted customers and manufacturers in countries across Far East and Africa and especially Europe, America and Asia to strengthen its customer portfolio and supply chain. Accordingly, Gap Pazarlama has contacted with customers in countries such as Tajikistan, India, Pakistan, Afghanistan, Egypt, Nigeria and Congo, and also carried out various studies regarding the Far East market.



869
TL Million
Total Assets

The Company entered into partnership with Sharabati Denim. With this partnership, it reprocessed waste from manufacturing activities and thus produced a recyclable fabric named Walker™ and offered this sustainable product to the customers.

300TL Million
Total Shareholders'
Equity

The Company, which made important efforts on sustainability, entered into partnership with Sharabati Denim. With this partnership, it re-processed waste from manufacturing activities and thus produced a recyclable fabric named Walker™ and offered this sustainable product to the customers.

Gap Pazarlama continued to be in close contact with universities in 2020. In this respect, it initiated dual collaboration projects with Istanbul Technical University, Çukurova University and Marmara University on various subjects such as design project development, training partnership, seminars and conference attendance. The company signed an R&D Collaboration and Mentorship framework agreement with the Marmara University's Innovation and Technology Transfer Application and Research Centre (MITTO) in a bid to accelerate its R&D activities and increase its competitiveness.

Maintaining its current position in the industry as of the end of 2020, Gap Pazarlama continued to strengthen its market position by adding especially

large market groups to its customer portfolio. The Company's goal for 2021 is to strengthen its technological infrastructure as well as maintain its profitability of market share.

"Firsts" and "Major Achievements" in the Sector

- The most reliable company in the textile world, serving more than 200 customers in more than 40 countries
- Leading supplier of textiles
- First company to publish an Integrated Annual Report within Çalık Holding and in Turkey's textile industry
- The first marketing company to qualify for the YYS Certificate

Competitive Advantages

- Permanent collaborations with facilities operating through an integrated production system
- Its reputation and history in the market
- Capacity to produce new and innovative products
- Agile company structure, ability to adapt to different business models
- The successful performance and reliability it has demonstrated since 1994

Quality Standards and Certifications

- ISO 9001
- ISO 14001
- ISO 22301
- ISO 28001
- ISO 27001
- WRAP
- Sedex6 Sigma
- AEOC (Authorized Economic Operator Certification)
- Oeko Tex 100
- BCI

Financial Summary (TL Million)	2018	2019	2020
Total Assets	585	807	869
Net Sales	261	362	315
Total Equity	243	252	300
EBITDA	-1	2	-3
EBITDA Margin (%)	-0.5	0.5	-1



AN OVERVIEW OF THE MINING SECTOR IN 2020

The road to a green economy goes through mines

The supply shortages caused by the pandemic, the acceleration in electric vehicle technology and the countries' self-sufficiency strategies have placed mining at the center of the economic agenda.

In 2020, the mining sector, like other sectors, has been severely affected by the coronavirus pandemic and continues to experience its impacts. First of all, many companies had to revise their OHS policies with new regulations in the field of occupational health and safety. Even though production companies limited the number of people working at the site, they aimed at continuing production activities. COVID-19 tests, regulations and health measures in the field of health have become important items in company expenses.

While the sector could not completely get over the pandemic, each commodity in the industry reacted differently in

Due to the pandemic, the restriction on transportation networks has increased the importance of local labor force at the operation sites and provided employment for the local people around the mine.

this period. Although supply-demand balances, stock quantities and disruptions in logistics activities vary in each commodity, this situation has created uncertainty throughout the sector. While operational permits, land permits and relations with relevant state bodies are of great importance globally, international trade union organizations have kept resource nationalism on the agenda. At the same time, the aim is to take into account the socioeconomic status of the local people as well. Due to the pandemic, the restriction on transportation networks has increased the importance of local labor force at the operation sites and provided employment for the local people around the mine. However, as in the case



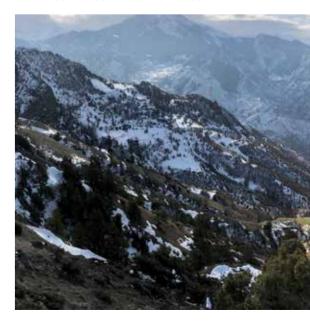


Large-scale leading companies have begun to turn to electrical equipment and construction machinery instead of diesel fuel in production.

of transportation networks, interruptions in the logistics of raw materials led to a large increase in production costs. While there was price pressure in commodities that could not follow the expected annual production rates, the pauses in the sectors where the relevant commodities were used also caused variability in metal demand. Especially production networks that could not recover caused price fluctuations in the economic environment and posed deterrent threats on the investor side. The low progress of investment amounts led to an increase in metal prices.

To conduct a commodity-specific analysis, gold and iron, which broke their historical records, are among the metals undergoing the most changes in the outbreak period. Due to the pauses in production activities, economic uncertainty and the depreciating dollar, gold passed the level of USD 2,067/ ounce in August, maintaining its safe port feature and continued its course at the level of USD 1,900/ounce in the second half of the year. After the rise of gold, silver used in solar panels closed the difference between them and traded above the price of USD 28/ounce. Iron metal has continued its rise since the Vale accident in Brazil in 2019. In addition to gold and iron, there was a decrease in the supply of copper, nickel and coal Especially South Africa, Peru, Chile, Russia and China were the countries where production cuts were observed most densely due to the pandemic. The logistics connection between Latin America and China, one of the most important copper export routes, was restricted in accordance with coronavirus measures.

While 7% of the total greenhouse gas produced is caused by the mining sector, production companies have taken new measures to reduce carbon emissions. Regulations and technological solutions began to take part in the operations, along with the environmental awareness of the local people around mines. Largescale leading companies have begun to turn to electrical equipment and construction machinery instead of diesel fuel in production. With the pandemic, the issue of ESG (Environmental, Social and Governance) has been raised on the investor side, and investment in companies that can produce within this framework has increased. BHP, one of the world's giants, reached an agreement with Chile on renewable energy; it is planned that 50% of the energy consumed at the coal mine in Queensland would be converted to renewable energy. Besides, the Chinese government-affiliated coal producer Shanxi invested USD 461 million to install a 3GW solar panel. In addition to precious and industrial metals, with the green energy trend, which has become the most widespread in Europe, the demand for nickel, cobalt and lithium used in EV batteries has continued to increase.



AN OVERVIEW OF THE MINING SECTOR IN 2020.



At the same time, related commodities have led to an increase in resource nationalism in many countries; while cobalt was classified as a critical metal in the Congo, the royalty rate for lithium and copper in Chile was increased by 3%. From gold and copper commodity cases, after an eight-month dispute period, Freeport-McMoRan agreed to transfer the majority share of the Grasberg mine to the state.

Although the mining industry is having difficulties in keeping up with the era of Big Data, data mining methods constitute a technology that can provide high efficiency to operations in the mining field. A wide range of solution results have been provided including process production line control, the use of unmanned work machines and blasting optimization as a result of processing the raw data collected from the field. Mining companies, which began to reduce the work force in the field due to the pandemic, have started to use AI, ML and IoT technologies together with Industry 4.0, which is described as the fourth generation of the industrial revolution. Data of 2.5 terabytes per

Mining companies, which began to reduce the work force in the field due to the pandemic, have started to use AI, ML and IoT technologies together with Industry 4.0, which is described as the fourth generation of the industrial revolution.

minute is produced at the Pilbara iron mine of Rio Tinto, one of the mining giants, and the Company saves a total of USD 80 million with the production optimization provided by Industry 4.0 solutions. The use of unmanned vehicles started in the Company's operations in Australia, and operator expenses were reduced. AI technology started to be used not only in operations in the mining field, but also in exploration activities. In the period when drilling and exploration operating expenses began to rise, the Canadian-based Goldspot Discoveries company provided economic exploration solutions with artificial neural network technology. Industry 4.0 also reduces the rate of accidents with workforce loss together with AR; also with blockchain technology, the security and sustainability of logistics activities between the end product user and the manufacturer has been ensured. The companies Iamgold, Yamana Gold and Sprott invested in the Emergent Technology Holding company for the use of blockchain technology.

The M&A trend in the mining industry has continued with the deceleration of resources and grade amounts and the increase in exploration expenses. Especially the consecutive Barrick-Randgold and Newmont-Goldcorp mergers in 2019, increased competition across the sector and put pressure on medium and small-sized mining firms. M&A operations started with a USD 230 million offer in January 2020 by Golden Energy Resource to the Ravenswood mine within Resolute Mining and continued with the Shanta Gold's acquisition of Acacia company under Barrick. The sale of the Mponeng mine, one of the deepest and most important gold mines in the world, to Harmony Gold at a value of USD 300 million and the acquisition of the Alacer company, which produces gold in Turkey, by SSR Mining are among other important M&A activities in 2020.

Just like 2019, 2020 was also a year in which overall sector and commodity prices were highly affected by the geopolitical tension between the USA and China. Furthermore, Brexit and the USA elections created an uncertain and uneasy environment for the global economy. In addition, the political instability of many countries in Africa, which own new generation resources on their territories, was one of the most important obstacles to the growth of the sector. However, with the increase in vaccine success rates towards the end of the year and China's controlled management of the pandemic, commodity demand again approached its former rates. In the first quarter of 2020, China's GDP fell by 6.8% while in the third quarter, when all quarantine measures were removed nationwide, the GDP grew by 4.8%, and there was a significant increase in metal demand. For example, in the third quarter, steel production in China increased by 10% in the quarterbased comparison, which led to a steady increase in iron prices.

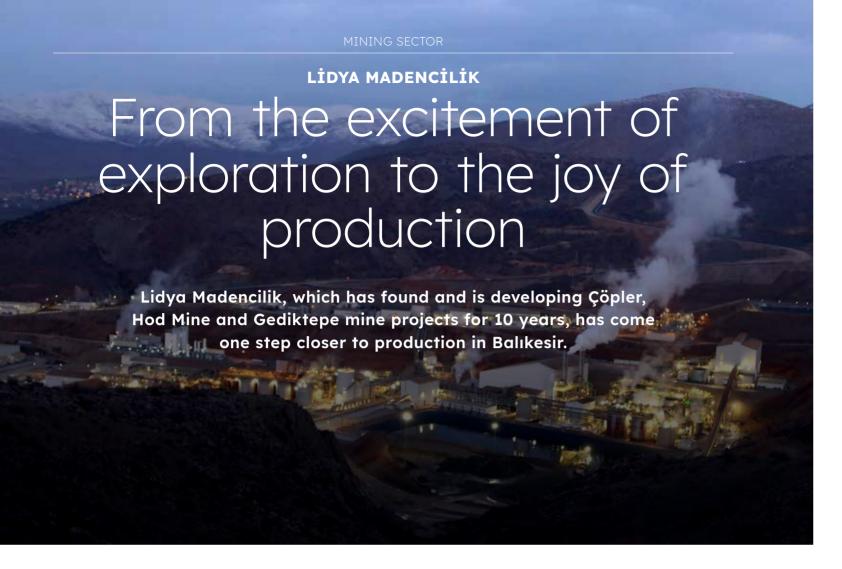
The Turkish Ministry of Energy and Natural Resources, which aimed at differentiating with three products in mining, has announced that legal regulations are being studied in order to boost the sector. A resource of TL 138 billion was allocated for 3,091 projects expected to take place



The M&A trend in the mining industry has continued with the deceleration of resources and grade amounts and the increase in exploration expenses.

in the 2021 Investment Program; while the allocated amount showed an increase of 79.3% in total compared to 2020, the largest increase on sectoral basis was realized with 306% in mining compared to the past year's planning, and the total investment amounted to TL 14.371.25 billion. At the end of 2020, exports of USD 4.2 billion was recorded thanks to the mining sector, and USD 1.7 billion of this amount was obtained from natural stone exports. At the same time, a production facility was opened in Eskişehir for lithium, which the European Union added to the list of critical metals in September, along with bauxite, titanium and strontium. The plan is that the opened facility will reach a capacity of 600 thousand tons/year in a short time, starting with a pilot production of 10 thousand tons/year. The first export train loaded with boron from Turkey to China has set off.

The acquisition of the Alacer company, which produces gold in Turkey, by SSR Mining is among important M&A activities in 2020. In the production of gold, Turkey's goal is to be able to reach a capacity of 100 tons within five years. The production of 38 tons of gold in 2019 was increased to 42 tons in 2020, having created a value of USD 2.4 billion. There are a total of 18 domestic/foreign gold mines in Turkey, and 20 new gold projects are being developed to start production. Gold imports, which amounted to 160 tons in 2019, increased to 288 tons in 2020. M&A activities have continued in Turkey as well as in the whole world. Özaltın Holding acquired 53% of Zenit Madencilik. in which Ariana Resources and Proccea Construction were fifty-fifty partners, against USD 37 million. Gübretas, which has incorporated the Söğüt Gold Mine, plans to start production in 2023.



"Firsts" and "Major" Achievements in the Sector

Lidya Madencilik realized the first major international cooperation in the Turkish mining industry with SSR Mining in 2009. With 100 employees as of the end of 2020, Lidya Madencilik aims to become the most valuable mining company in Eurasia by continuing its activities in Turkey and the region with competitive and high standards, while continuing its project evaluation studies in the African continent.

The first strategic partnership in the Turkish mining sector between Lidya Madencilik and SSR Mining has been continuing successfully for over 10 years.

While Çöpler Gold Mine, which continues its production activities being operated by Anagold Mining in partnership with Lydia, accounts for 24% of the gold production of Turkey with 327 thousand ounces of gold production in 2020, it also maintained its position as Europe's largest gold mine. A total of 70 tons of gold has been produced in the facility since 2011

327

Thousand Ounce Çöpler Gold Mine's 2020 Gold Production

The first strategic partnership in the Turkish mining sector between Lidya Madencilik and SSR Mining has been continuing successfully for over 10 years.

and a significant social and economic contribution has been made to the region. The pre-feasibility study of the Ardıç Field, which is one of the new mineralization areas newly discovered during exploration works in and around the Çöpler Mine, was completed and has increased the value and extended the life of the Çöpler Mine.

Polimetal Mining, which is 100% owned by Lidya, is carrying out the Balikesir Gold Mine Project. Within 2020, the permits for the project were completed and the construction of the mine was started. The facility is expected to be commissioned by the end of 2021.

Feasibility studies of the Hod Mine Project, one of the important projects of Lidya and developed under the Artmin Madencilik company, were completed; land purchases and the EIA process were continued. In March 2020, Prospectors & Developers Association of Canada (PDAC) granted Hod Mine the Thayer Lindsley Discovery Award, and thus the high potential of the project became known worldwide and was certified. It is aimed



to start the construction of the Hod Mine Project at the beginning of 2022 and to commission the mine at the beginning of 2024.

With a forward-looking management style and a high-performing workforce, Lidya Madencilik maintains a sustainable mining approach with its sensitivity to occupational health and safety, environmental and social issues.

2020 Highlights

2020 was the year when Lidya Madencilik's exploration and development activities began to turn into investments. Partnerships founded in the last decade with two large mining companies, whose shares are traded on foreign exchanges, resulted in the transformation of the exploration activities into significant investments in Turkey as Erzincan Çöpler Gold Mine, Artvin Hod Mine and Balıkesir Polimetal Mine Projects. With the rising gold and industrial mineral prices in 2020, the value of Lidya Madencilik projects further increased; exploration activities conducted abroad were somewhat slowed down and necessary steps were taken for strategic investments in the country to be implemented more quickly. In addition, in parallel with the growth and new investments, the Company has continued to expand its organization and staff number in accordance.

All permits for the Polimetal Balıkesir Gold Mine Project were completed in 2020 and construction works were started.

Feasibility studies were completed in the Artvin Hod Mine Project and having started permit processes, the project was carried over to the financing and construction stages. And the Hod Mine Project was granted the Thayer Lindsley Discovery Award of the Prospectors & Developers Association of Canada (PDAC). 2020 was the year when Lidya Madencilik's exploration and development activities began to turn into investments.



LİDYA MADENCİLİK



With the gold exploration license obtained in Uzbekistan and the company organization established, exploration works were launched in Samarkand.

Lidya Madencilik, which has carried out its activities without interruption in 2020 despite the coronavirus pandemic, has integrated remote working standards into the Company's operations. Thanks to the high-level health measures taken at the Anagold Çöpler Mine, no interruption was experienced in production.

With a forward-looking management style and a high-performing workforce, Lidya Madencilik maintains a sustainable mining approach with its sensitivity to occupational health and safety, environmental and social issues. Lidya Madencilik took measures such as not accepting visitors to the project sites unless it was necessary, conducting quarantine practices, and subjecting employees to COVID-19 testing during the pandemic.

During this period, the construction and equipment tenders of the Balıkesir Project and the state share payments of TL 25 million for 2019 at Kartaltepe Company were postponed until the end of 2020. In total, SSI and income tax payments of TL 1.6 million were postponed until the last quarter of the year. Loan payments were deferred until 2021 and later; interest payments were deferred until June and later. In purchase contracts, payment terms were extended from 30 days to 45 days, and when possible, contracts were frozen, the contract price was reduced, or the contract was terminated completely.

The domestic and foreign exploration works such as those in Gümüşhane, Congo, Guinea were suspended during the pandemic. Thus it was possible to focus on the Balıkesir Project and advance it to the construction stage. Travel expenses decreased by 55% compared to the same period of the last year; general administrative expenses remained at the same level compared to last year, despite the increased office space and staff number.

which has carried out its activities without interruption in 2020 despite the coronavirus pandemic, has integrated remote working standards into the company's operations.

Lidya Madencilik,

In 2020, land purchases were continued in the Hod Mine Project, the EIA process was largely completed, and feasibility studies of the project were completed. On the other hand. Lidva Madencilik continues its exploration activities to acquire potential fields at home and abroad with Osmaniye, Artvin, Kahramanmaras and Uzbekistan mining licenses received through tenders.

Goals

Lidya Madencilik has a prestigious position in the sector with the mining licenses it holds at home and abroad, major projects it carries out, and partnerships with large mining companies, whose shares are traded on global markets. The Balıkesir Gold Mine, which is 100% owned by Lidya Madencilik and has an investment value of USD 50 million, is aimed to be put into production in October 2021 with execution of the first gold production. The Artvin Hod Mine Project with an investment value of USD 300 million, where Lidya has shares at a level of 70% (Sandstorm Gold 30%), is planned to be commissioned at the end of 2023.

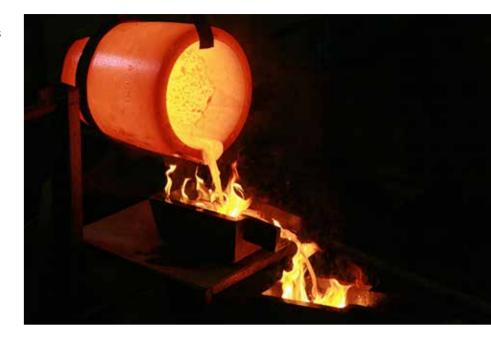
In 2021, Lidya Madencilik will continue project/site exploration works in countries in Central Asia and Africa, which were determined in line with the company's strategies, and drilling/ exploration activities in established sites. The Company's long-term goal is to expand its gold and copper portfolio with new projects in the Eurasian region and to become one of the most important mining players in the region.

Financial and Operational Data

Erzincan Cöpler Mine, where Lidya Mining has a 20% partnership (SSR Mining 80%), produced a total of 327 thousand ounces of gold in 2020 and had a total turnover of USD 580 million. Cöpler Mine is currently the largest gold producer in Europe.

Certifications

- OHS&E Policy Commitment Certificate-Artmin
- OHS&E Policy Commitment Certificate-Polimetal



Competitive Advantages

- Operated by Lidya Madencilik, Polimetal Madencilik has an effective and highly skilled team.
- Implementing fast and effective cost controls at world-class standards
- Ability to execute strong, long-term partnerships with multinational mining companies
- Increased operational experience and know-how transfer thanks to its partnerships with two large international mining companies, SSR Mining and Sandstorm Gold
- Expert exploration and project teams and a strong capital structure
- Experience gained at Çöpler Gold
- · Sensitivity to social and environmental issues
- The importance attached to occupational health and safety
- · Ability to mine in accordance with international operational standards
- Synergy created by the Çalık Group brand and its subsidiaries

USD Million Artvin Hod Mine Project Investment

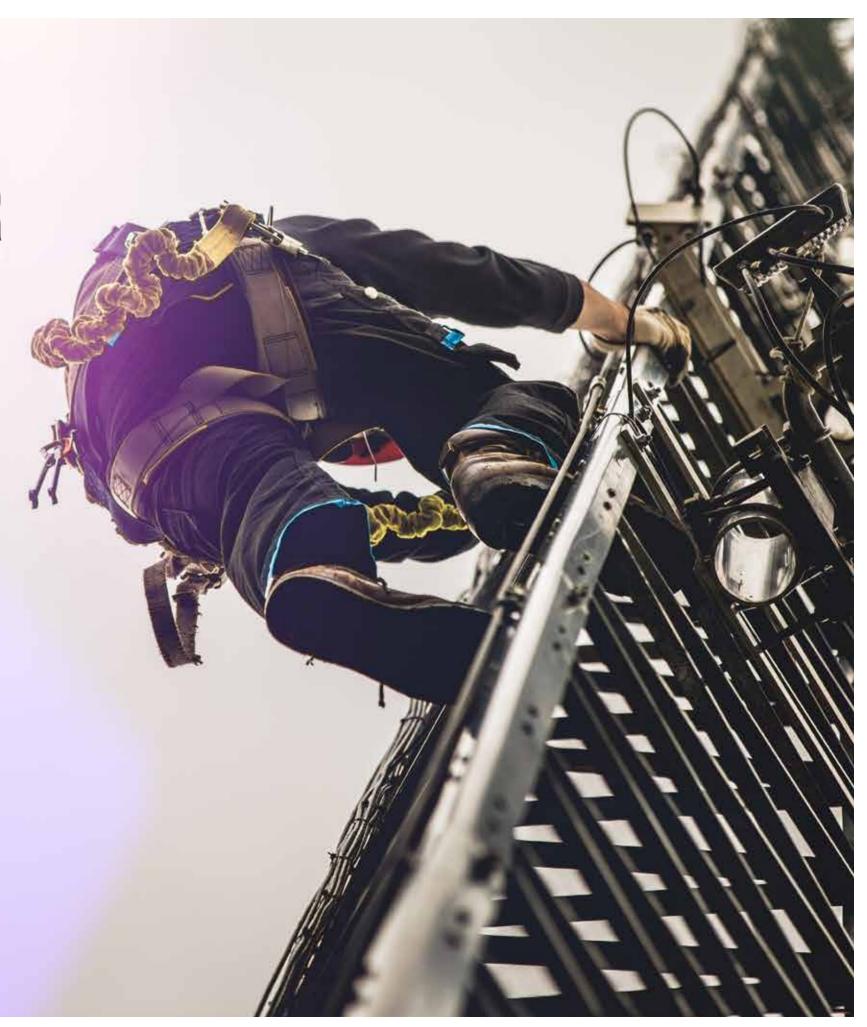
In 2021, Lidya Madencilik will continue project/ site exploration works in countries in Central Asia and Africa, which were determined in line with the company's strategies, and drilling/exploration activities in established sites.

USD Million Çöpler Mine Turnover in 2020

TELECOMMUNICATIONS SECTOR

TELECOMMUNICATIONS SECTOR BRINGS THE FAR NEAR

Increasing urbanization and population, digitalization and the increasing need for communication in extraordinary times have brought developments in the telecommunication sector as well.



AN OVERVIEW OF THE TELECOMMUNICATIONS SECTOR IN 2020

Extraordinary demand in 2020

In 2020, with the COVID-19 pandemic, the transition of many companies to remote working and the transfer of education into the virtual environment led to the need for a strong infrastructure and uninterrupted service, and thus created an extraordinary demand for telecom companies.

The demands on the telecommunications sector, which is among the sectors most open to development today, continue to increase with the growing population, exponentially growing digitalization and rising urbanization trend. Tightening of the bans imposed on Huawei by the United States Industry and Security Bureau was at the top of the developments that marked the sector in 2020. Restrictions aimed at blocking access to American technology for Huawei, which was added to the list of companies banned from selling telecommunication infrastructure in the United States in May 2019, were increased, and 38 subsidiaries of the company were placed on the economic blacklist by the US government.

The demands on the telecommunications sector continue to increase with the growing population, exponentially growing digitalization and rising urbanization trend.

In February 2020, Vodafone's acquisition of ABcom was approved by the relevant institutions and ABcom officially joined Vodafone. T-Mobile completed its brand transformation in September 2020 and became One Communication.

In 2020, on the other hand, with the COVID-19 pandemic, the transition of many companies to remote working and the transfer of education into the virtual environment led to the need for a strong infrastructure and uninterrupted service, and created an extraordinary demand for telecom companies. Throughout the world, in parallel with the practices of isolation and quarantine, serious increases in data traffic were observed in the first place.



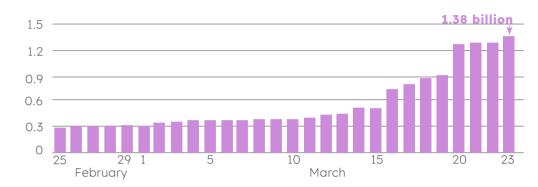
Due to the population that had to work from home for the majority of 2020, serious increases were observed in broadband data consumption globally.

Telecommunications
companies are
no longer just
communication
companies; they
are turning into
institutions that
produce technology
and develop
projects that
respond to customer
needs before they
occur.

In the coming period, different business models are expected to be formed between content producers and advertisers; in addition, 5G, the LPWAN system and Internet of Things applications are considered to become widespread.

During this period, significant increases were seen in the use of fixed broadband; the prevalence of distance education, distance learning, and telemedicine applications were increased in order to reduce the impact of the pandemic on the flow of life. 1.2 billion students in 186 countries were affected by the closure of schools and transferred to distance education.

The Staggering Impact of COVID-19 on the Global Education System
The number of students affected by national school closures worldwide (Billion)



The figures include pre-school, primary, secondary and high school students, as well as students enrolled at higher education levels.

Source: UNESCO

According to the research conducted by Gartner, 88% of the institutions made it mandatory or recommended to work remotely for all their employees. Due to the travel restrictions imposed by countries on international and national scale, 97% of the institutions had to cancel their business trips as well.

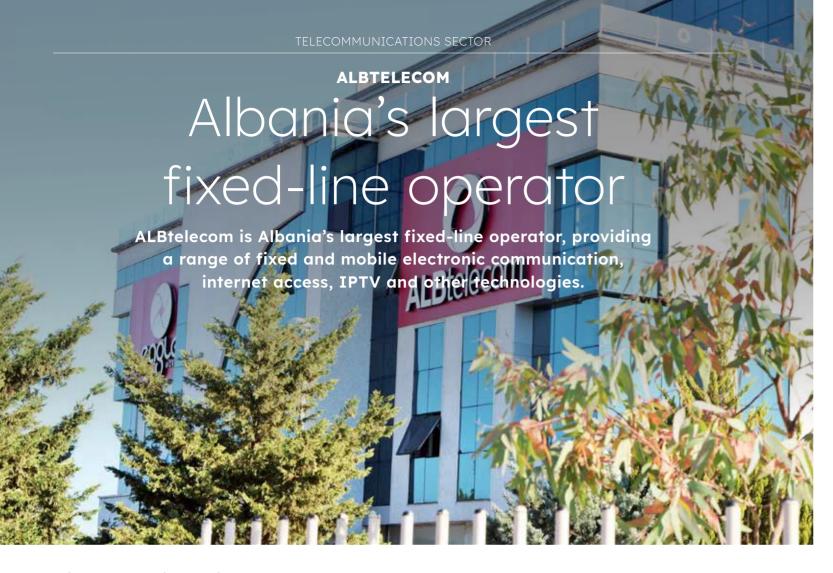
Due to the population that had to work from home for the majority of 2020, serious increases were observed in broadband data consumption globally. For example, in America, in the first quarter of 2020, an increase of 47% occurred, a number that was higher than foreseen for the entire year.

Mobile line sales, on the other hand, decreased; either the increase in use decreased or the usage rate decreased.

In this respect, telecommunication operators also willingly or by necessarily conducted campaigns to meet the growing need for data.

Despite the growing demand, the sector is undergoing a very important transformation process. Telecommunications companies are no longer just communication companies; they are transforming into institutions that produce technology and develop projects that respond to customer needs before they occur, and this situation also brings a new dimension to competition.

Due to the impact of the pandemic, the competition in the media and entertainment sector, which has achieved a great development in the digital field has increased, and customer retention and revenue generation have become more difficult. It is foreseen that innovative customer experiences will emerge in 2021. In the coming period, different business models are expected to be formed between content producers and advertisers; in addition, 5G, the LPWAN system and Internet of Things applications are considered to become widespread.



"Firsts" and "Major" Achievements in the Sector

- · Albania's largest fixed-line operator
- Service provider with the highest number of IPTV customers in the Albanian market
- The only operator that can reach all parts of the country via its extensive sales and distribution network
- The only operator that rewards its customers with the most generous package of benefits through a nontelecommunication program
- The operator that revealed the first full-scope non-telecommunication advantage platform for all fixed and mobile customers without any restrictions

Goal

- Growing the revenues from broadband internet services by increasing the net number of customers
- Increasing the mobile income level and profitability with increasing margins

1.8
TL Billion
Total Assets

Closely monitoring customers' needs, ALBtelecom continues its capital investments to deliver top-quality communication services.

Providing a unique customer experience with a special dynamic approach towards Albania

Having previously existed as a government entity tracing its history back to 1912, ALBtelecom was restructured in 1992 as Albania's state telecommunications company and it joined Çalık Holding in 2007. Today, ALBtelecom is Albania's largest fixed-line operator, providing a range of fixed and mobile electronic communication, Internet access, IPTV and other technologies. ALBtelecom merged with its GSM subsidiary Eagle Mobile in 2012, when the company celebrated its 100th anniversary, thus bolstering its market standing in the region.

Closely monitoring customers' needs, ALBtelecom continues its capital investments to deliver top-quality communication services. To this end, the company launched "4 in 1" (fixed voice, internet, mobile and TV) bundles and the "One Stop One Shop" concept.



421

ThousandMobile Subscribers

Thanks to placing great importance on infrastructure upgrades and investments,
ALBtelecom reached a position to sell infrastructure to other players in the market.

ALBtelecom maintains its leading position in Albania's telecommunications sector by skillfully adapting to new developments in the alobal industry. In 2013, the company revamped its entire mobile network infrastructure and launched 3G services. In March 2015. ALBtelecom obtained the 4G/LTE license and began offering 4G services to its customers, further improving its service quality. Thanks to its robust infrastructure, data quality and continuous investments, ALBtelecom always distinguishes itself from its competitors. After having now obtained the 4G license, the company aims for leadership in this market as well.

Thanks to its infrastructure investments, the company became able to deliver infrastructure services to other players in the market.

Thanks to efforts to boost its brand image and service quality, ALBtelecom has a market share of 74%, 27.4% and 16%, maintaining leadership in the fixed voice and fixed Internet market and maintaining stability in the mobile market, respectively. With improvements it has made in fixed and mobile service quality and its experienced personnel, ALBtelecom aims to continue its steady growth in 2021 as well.

2020 Highlights

Mobile Services

With the pandemic, the importance of telecommunications has increased; ALBtelecom has provided 50% additional data, and SMSs in addition to its customers' monthly packages during the quarantine months. In order to support the use of online channels due to the limited working hours of workplaces during the quarantine months, ALBtelecom has increased the free benefits it provides to those who download the BKT application.

As part of the ongoing BKT and ALBtelecom cooperation in 2020, BKT rewards its individual customers with an annual IPTV subscription from ALBtelecom in every quarter.

ALBtelecom contributed to distance education by providing free navigation and access to all students on the SchoolMe online education platform from April to the end of the school year; in addition, since December 2020, it started to offer special campaigns



ALBTELECOM



only for students receiving online university education. Within the scope of the campaign, upon activation of the monthly package in the amount of 1,100 Albanian lek, free navigation on all online educational platforms and a 20% discount together with three times more data rights for 12-month commitment on hybrid plans are offered.

ALBtelecom, on strong demand, has started to offer 50% more data and voice rights on postpaid and hybrid lines as of September. The new prepaid lines, which were launched in October 2020, were offered to 400 Albanian lek, the lowest entry price to date, with unlimited advantages and twice the data speed for the first time during the promotional period.

After One Telecommunications entered the Albanian telecommunications market in 2020 with an aggressive Number Porting Offer, ALBtelecom has also increased its innovative activities with competitive prices and unlimited advantages. ABcom purchased by Vodafone in February 2020, started to

bring home internet options to its mobile subscribers; in this respect, Vodafone revealed an important tele-sales force by reaching out to its own mobile subscribers and mobile subscribers of its competitors. ALBtelecom on the other hand, responded to this situation by offering discount offers up to 50% on purchases to reach to competitive prices and secure its subscriber base.

In order to be available whenever the customer needs the internet, ALBtelecom released its SIM modem product SuperFibra Mobile in December as an internet solution in areas where the fixed network has not yet arrived, but there is mobile internet under 4G. In September, the company also released its portable Wi-Fi device, which has two internet package options, for customers to use when they need more mobile internet access.

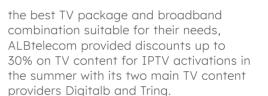
With its recently renovated information technology systems and expanded mobile networks, ALBtelecom retains its mobile market share by the end of 2020. 463
TL Million
Net Sales

In 2020, due to the COVID-19 pandemic, the internet has become an important tool for flexible working, online education, and bringing people closer to their loved ones.

Fixed Services

In 2020, due to the COVID-19 pandemic, the internet has become an important tool for flexible working, online education, and bringing people closer to their loved ones. In the new conditions when curfews were introduced, ALBtelecom adapted to new online sales, mainly on broadband, for fixed products. The company issued special campaigns during curfews, for customer satisfaction. In this context, the "Our Sweet Home" campaign and broadband "3+9" service were offered free of charge for the first three months in order for customers who experienced financial difficulties due to curfews to receive internet service. The "Ku ka si shtepia" campaign, on the other hand, includes the free offer of a six-month contract with a broadband 6+6 offer for speeds of 50Mbps and above in Tirana and of 16Mbps and above in other regions.

In addition, ALBtelecom made a special offer for IPTV combinations in the summer with a 25% discount on the monthly fee. Having offered its customers the opportunity to choose



ALBtelecom, which has presented a special broadband offer during the back-to-school season for students who had to adapt to the new online education trend, gave one of its tablet or mobile Wi-Fi packages to customers who accepted the offer.

In 2020, ALBtelecom continued its fiber investments, especially in green regions. Due to the expansion of the fiber network and the emergence of Vodafone-Abcom as a single company lowering broadband prices, the need to launch a new fixed line arose. In October 2020, ALBtelecom introduced the new SuperFibra line for broadband and IPTV service and also issued quota tariffs starting from 700 Albanian lek per month for low-income users.

Within the framework of the digitalization process of television signals in Albania, ALBtelecom launched its supporting digitalization campaign in Shkoder, Lezhe, Elbasan and Vlore. Offering very attractive offers on 2P and 3P services along with DVB-T2 decoder to all potential customers in this field, the Company played a leading role in the process.

138
TL Million
EBITDA

30%EBITDA Margin

In 2020, ALBtelecom continued its fiber investments, especially in green regions.

ALBTELECOM



Upon provision of fixed services by Vodafone after the acquisition of ABCOM and by One Communication with wireless Homenet up to 150Mps, ALBtelecom has launched the Superfamily tariff, which will offer twice the speed of home internet for newcomers.

ALBtelecom, which has renewed its old copper network with a fiber network, maintains its customer share in fixed services as of the end of 2020.

COVID-19 Measures

- Execution of ALBtelecom Customer Service activities from home
- Partial remote working of Product and Marcom Teams
- Restrictions and guidelines for employees traveling in outbreak zones
- Determination of work positions suitable for remote working
- Guidelines on crowd avoidance, indoor meetings, social events and interviews
- Guidelines on the monitoring of hygiene instructions based on WHO recommendations and the Protocol of the Ministry of Health of Albania

ALBtelecom, which has renewed its old copper network with a fiber network, maintains its customer share in fixed services as of the end of 2020.

Under the
COVID-19 measures,
ALBtelecom
Customer Service
started to manage
its activities from
home.

- Placing disinfectants in all company buildings and stores
- Closure of the canteen located at the company's premises
- Professional disinfection of the company's premises and shops
- Periodic disinfection of employees' transportation vehicles
- Daily examination of employees by the company doctor
- Remote working of employees aged
 50 and over
- Remote working of employees who are parents
- Ensuring a distance of two meters between the employees with the seating plan prepared for each floor and delivered to the managers
- Providing all store representatives initially and finally to all company employees with masks and gloves
- Provision of special protective equipment to field technicians
- Installation of protective glass on the tables of all stores and at the reception in the main building
- Remote working rotation plan for employees working in the main building

- Working hours adapted to state restrictions
- Working of sales representatives in compliance with the limited working parameters

Investment Projects

- Installation of 90 additional L900 4G stations
- Upgrade of the Mobile Package Core
- Installation of a new Geographic Information System
- SAP ERP Upgrade Project
- Installation of VDI infrastructure for stores
- Installation of IXbilling, Softswitch and SBC
- Upgrade of the entire CCBP platform
- IPMPLS network extension
- GPON network extension
- Fiber Back Bone extension
- Installation of Big Data Hadoop

Quality Standards and Certifications

- ISO 9001: 2015 Quality Management System
- ISO 14001: 2015 Organization Management System
- ISO 27001: 2013 Information Security Management System
- ISO/IEC 20000-1: 2018 Information technology Service Management
- OHSAS 18001: 2007 Occupational Health and Safety Management System

-

- Competitive Advantages
 Operator with the most Wi-Fi access points
- Fiber optic infrastructure reaching 90% of all municipal regions across the country
- International internet connections with backups
- The working flexibility achieved thanks to its retail stores
- Improved trust with ISO 27001 and ISO 9001 certifications

TL MillionTotal Shareholders'
Equity

Number of Subscribers (Thousand) 2018 2019 2020 Number of PSTN Subscribers 177 168 177 129 134 Number of Broadband Subscribers 129 Number of Mobile Subscribers 431 422 421 **Financial Summary (TL Million)** 2018 2019 2020 1.839 Total Assets 1.135 1.427 463 Net Sales 364 406 304 Total Equity 283 286 93 EBITDA 133 138 EBITDA Margin (%) 26 33 30

Being the operator with the most Wi-Fi points, and its fiber optic infrastructure reaching 90% of all municipal regions across the country, are the main competitive advantages of ALBtelecom that stand out in the industry.



AN OVERVIEW OF THE FINANCE SECTOR IN 2020

Economic activities supported by liquidity measures

Due to the positive growth outlook in the last guarter of 2020 realized along with recovery in economic activity, Turkey became one of two economies within the G20 countries, that achieved positive GDP growth at 1.8% in 2020.

While the impact of the coronavirus outbreak in 2020 was influential on market pricina, the measures taken by policymakers and the course of economic activity were closely monitored. The outbreak measures restricted the economic activity in the second quarter of the year, having caused global national income to decline.

At this point, supports from the monetary and fiscal policy wing supported low risk appetite and decreased household demand. While there was a recovery in economic activity in the second half of the year, the positive price course of precious metals during the year was accompanied by stocks and other risk assets. In the U.S., long-term inflation expectations increased accordingly. Upon the completion of the Brexit agreement, Pound rose in value; while the dollar index completed the year with a 6.75% decrease in value, the ounce gold and silver ended the year having diverged positively with a value gain of 23.5% and 47.6%, respectively. By the end of the year, news feeds related to the vaccine developments positively affected the market's risk appetite.

While the moves made to support the economic activity within the liquidity measures continued during the year, the fact that the risk on emerging markets was felt on exchange rates and the increase in global food prices created inflationary pressure in the country.

35.1% Turkey's Total Loan Volume Increase in 2020

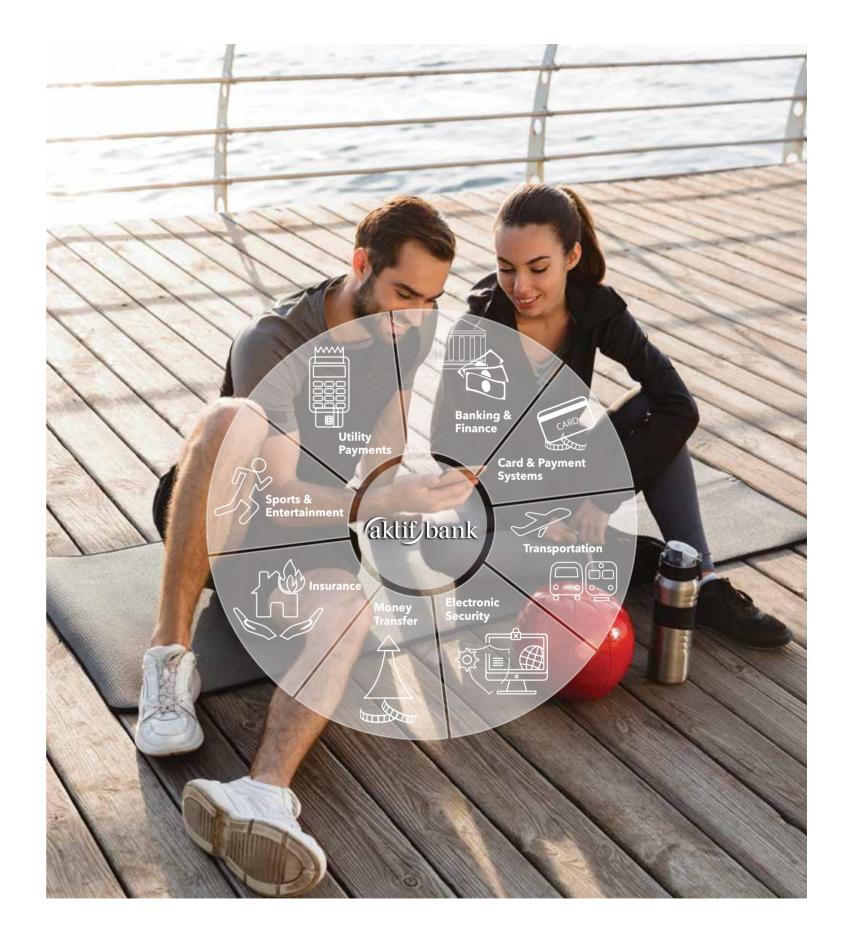
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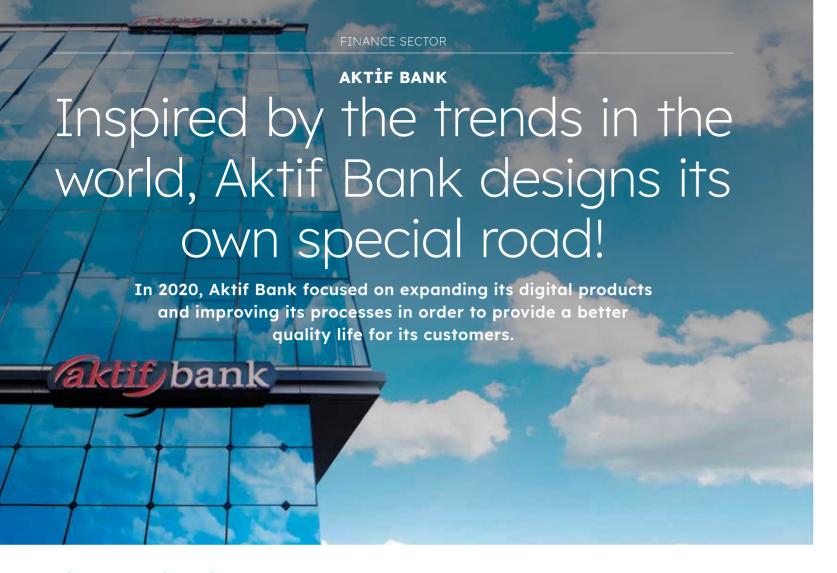
34.6% 2020 Turkey's Total Deposit Growth

At this point, the CBRT updated the weekly repo interest in the last quarter; following an interest rate hike decision of 475 basis points in November and 200 basis points in December, the year ended with a policy interest rate of 17% and an inflation rate of 14.6%. The outlook for a sharp asset outflow within the year changed by the last quarter and caused a positive impact on the current account balance and official reserves side. The positive growth outlook in the last quarter continued with recovery in economic activity, and Turkey became one of the two economies within the G20 countries, that achieved positive GDP growth at 1.8% in 2020. Recovering with credit growth, economic activity was confirmed by the continuation of the recovery in industrial production after the pandemic during the year.

According to BRSA weekly data, the increased by 35.1% in 2020; the increase 2020. The ratio of non-performing loans the sector.

total loan volume of the banking sector in the deposits was 34.6% accordingly. Consumer loans increased above the headline and expanded by 44.6% in (NPL) to total loan volume was at the level of 5.7% in the first week of the year, and closed the year at 4.22%. It seems that the course of change for loans compared to the previous week lost momentum, especially in the last guarter. The tightening of monetary policy and the impacts of the pandemic on economic activity took its effect on





"Firsts" and "Major Achievements" in the Sector

- Consultancy and intermediary to the first asset-backed security issuance in Turkey
- First bank bond of Turkey
- First digital bank bond of Turkey
- First interest-free participation certificate in Turkey
- First issuance of lease certificates for project financing in Turkey
- First issuance of a credit-linked note in Turkey
- First gold-based sukuk issuance in Turkey
- UPT: First domestic money transfer service in Turkey
- Over 5.5 million cards for Passolig, which is the first and only valid card for stadium entry
- The first interest-free liquid fund establishment in Turkey
- Turkey's first lease certificate based on electricity distribution revenues
- Contactless payment via QR code for the first time in minibuses in Turkey

21.9
TL Billion
Total Assets

Aktif Bank
made many
breakthroughs
in the country,
such as providing
consultancy and
intermediary
services to the
first asset-backed
security issuance
in Turkey, and the
first bank bond of
Turkey.

Goals

- To improve business models to exceed the standards in Turkey and creating new lines of business in the sector while operating as a giant ecosystem in the field of "financial technologies" by following global technology and innovation trends
- To be one of the architects of "open banking" in Turkey by acting as both a competitor and a business partner with Fintechs and startups
- To pioneer the field of "payment systems," which gained a new appearance with regulations and globalization, through the bank and its subsidiaries
- To become the "neobank" of Turkey by providing the most ambitious, most innovative and most digital product line in the sector with its applications in the field of digital and mobile banking
- To be one of the most agile organizations of Turkey with an effective, efficient and agile work-oriented approach
- To maintain its leadership position in sports finance and introducing innovative financial products to support the development of sports in Turkey through venture capital and risk capital



5.7
TL Billion
Corporate Loans

Aktif Bank aims
to maintain its
leadership position
in sports finance
and introduce the
sector to innovative
financial products
to support the
development of
sports in Turkey
through venture and
risk capital.

4.5
TL Billion
Consumer Loans

- To continue to support Turkish football and focusing on making more contributions to the football economy with Passolig
- To have a voice not only in football, but also in the field of "running," which appeals to a wide audience as an egalitarian and democratic sport
- To make Passo mobile Turkey's most comprehensive entertainment application
- To provide high-efficient investment alternatives with Aktif Asset Management, and to contribute to society and the environment with sustainable investment instruments
- To increase the wide-ranging export activities and export volume for Africa
- To continue activities in many fields such as cybersecurity, biometric verification technologies, security technologies, sector-specific digital platforms with different partnerships established with Japan's technology giant Mitsubishi

RETAIL DIGITAL BANKING AND PAYMENT SYSTEMS

A Strong Structure with Digital Business Models

In 2020, Aktif Bank focused on expanding its digital products and improving its processes thanks to its ability to quickly adapt to changing market conditions and customer expectations.

Allowing customers, who want to keep their savings at long-term high interests, to maintain the interest rate until the end of its term, the N Kolay Bono product has become a preferred product in the volatile market conditions of 2020 and also

maintained its stable growth in volume with a 42% increase in the number of customers.

Communication for N Kolay Bono, which allows product owners to make free of charge unlimited cash withdrawals from all ATMs in Turkey with the N Kolay Card and free of charge money transfers and invoice payment transactions, continued over digital channels and social media all year long.

Fund instruments that offer options based on return expectations and risk perceptions through TL and foreign currency repos, where the deposit period can be determined at terms starting from 1 day. were added to the application. The diversity of exchange rates was increased by adding silver to N Kolav FX, which attracts with its advantageous rates in foreign exchange and commodity transactions. Focused on the digital world, Aktif Bank received approximately 1 million loan applications with a total amount of TL 12 billion via nkolaykredi.com.tr. The website was visited by 1.5 million people for 2.7 million times in the last year. In the area of consumer loans, the N Kolay Kredi product achieved a growth of 88% despite the sector's growth of 48% thanks to its fast and secure digital sales strategy. Providing different interest rates in accordance with the risk profile of the customer, the Bank diversified its product portfolio.

Aktif Bank, which has constantly developed the Passo application in addition to these, continued to diversify the advantages it provided in stadiums with 24/7 money transfers through QR codes, shopping and instant loan, etc. features. Channeling the experience of Passo in football to entertainment and event platform, Passo has become a holistic and unique platform serving not only football fans but also everyone following cultural and artistic events with 6 million downloads. Providing services in the vital transportation sector for many years, Aktif Bank continued to develop the AnkaraKart mobile application, which is a unique product in the sector and reaches 750 thousand downloads. As a result of these works carried out in the mobile area, about 70% of the customer onboarding is carried out via mobile channels. Combining shopping with transportation, N Kolay Ankara Kart has reached 400 thousand

AKTİF BANK



Whether interest rates rise or fall, N Kolay always offers high yield

Customers who utilize their savings in N Kolay Bond enjoy high daily interest rates, as well as the opportunity to carry out their transactions quickly 24/7 through a dedicated customer representative and N Kolay Mobile.



users. The card, which can be used both in transportation and shopping, has maintained being the first and only card in the sector. İndiBindi application, which is again a first in the world and allows payment and reservation solutions in city minibuses fully dominated by cash, was launched in 2020 with great enthusiasm. With İndiBindi application, users can travel within the city without touching or carrying cash and can book their city trips from their homes. In addition, time can be saved with the minibus tracking feature.

PTT channel is also one of the areas in which the Bank continues its assertive growth. With the "feature to use loans through SMS without leaving home," which was launched specifically for retired customers, pensioners have been able to meet their cash needs. Having reached a balance of TL 3 billion by the end of 2020, the PTT channel had an annual growth of 76%.

Retired customers, who were not able to go outside during the pandemic, were provided service of using loans at their homes in an easy and practical manner with products such as PTT SMS Loan implemented in the first quarter of the year. The Bank, which provided the market's first vehicle loan with digital document flow, expanded its dealer network using the digital document structure within the year and strengthened its competitive side through process optimization without compromising profitability. Thus, it increased its balance to TL 423 million with a growth of 103% within the year. It expanded its customer portfolio by 146% with more competitive interest rates. Through this approach, it ended the year with a product balance

of TL 123 million increased by 324%. In the Communications Center, which aims to provide the best and highest quality customer experience through 24/7 service, 2.6 million calls were answered in 2020, and negotiations were made with 1 million customers for marketing and sales activities.

CORPORATE BANKING

Leader Player of Challenging Geographies

In 2020, as was the case in 2018 and 2019, it offered foreign trade solutions to Turkish exporters by mediating foreign trade transactions in difficult geographies, especially in Sub-Saharan Africa and CIS countries, where they had difficulty finding these solutions. In addition to the timely and complete collection of export prices from the regions in question, the risks of the bank were undertaken and they were provided with the funding they requested before the maturity date, which enabled them to export safely and efficiently.

With tailor-made end-to-end funding methods according to the need towards food and agriculture sectors in 2020, a total of TL 220 million, USD 59 million and EUR 4.4 million working capital loan was allocated to companies that are engaged in the food business with commodity pledge method as well as farmers to satisfy their pre-planting needs in suitable conditions. Investments and funding in renewable energy resources continued with the same appetite in 2020. A total of USD 147 million cash and the non-cash loan was provided to 31 projects with a total size of 209 Mw (solar, wind and hydroelectric). All these loans possess great importance since

42%

N Kolay Bond Product Customer Growth

Aktif Bank received approximately
1 million loan applications with a total amount of TL 12 billion via nkolaykredi.com.
tr. The website was visited by 1.5 million people for 2.7 million times in the last year.

they are investment loans from scratch. Within the scope of its investments in football, the Bank continued to provide the corporate banking services of sports clubs in 2020. Having made more than TL 3 billion funding to 18 different football clubs since 2014, Aktif Bank continued to be one of the leading funders in the sector with TL 50 million financing in 2020, apart from the club syndications it participated in.

PRIVATE BANKING

Easy Adaptation to Changing Conditions

During the pandemic period which impacted the entire world, Aktif Bank continued its activities without interrupting the transactions of its customers and ensured continuity in production and profitability beyond the expected.

Having expanded its product range in the Private Banking field, Aktif Bank expanded into new areas; in addition to classic and known Treasury products such as bonds and repos, it has led the sector in offering debt instruments newly formed in Turkish Capital Markets such as VDMK and YBA.

Aktif Bank, which increased the number of its branches in 2020, continues to provide services from a total of 13 points together with 12 branches and the General Directorate Central Private Banking Team.

TREASURY

A Bank That Sheds Light on Capital Markets with Innovative Perspectives and Makes Its Investors Earn More

Treasury was the group that contributed the most to the Banks's growth and profitability in 2020. With Islamic finance instruments other than conventional products and innovative "Securities Products" it mediated, it continued to keep its coverage wide.



In 2020 when financial markets were extremely floating and liquidity management became quite important, Treasury left a successful year behind by increasing both its transaction volume, profitability and market integration.

In 2020, the Group continued to issue VDMK, which now have become an Aktif Bank brand in the sector, and expanded its product range with its innovative lease certificate issuances introduced to the Construction and Electricity Distribution sectors

CREDIT ANALYTICS AND CAPITAL MARKETS

A Pioneering and Competent Bank in Capital Markets

For the first time in Turkey, Aktif Bank actualized a capital market instrument, which provides resources for electricity distribution companies to invest and complies with the principles of interestfree finance based on cash flows in which reimbursement for investors was guaranteed by the state. Also in 2020, Aktif Bank issued sukuk with an inflation indexed return as an alternative to the solution of long-term financing needs for the first time. Public offerings of N Kolay Bono, one of the 100% digital products of the Bank, continued increasingly. As an indicator of Aktif Bank's competence in foreign markets, Eurobond issuance with a value of USD 85 million was successfully performed in Ireland in 2020, and these issued debt instruments began to be traded in Irish Stock Exchange.

2.6

Million Calls
2020 Number of
Calls Answered by
the Communications

Centre

Having more
than a thousand
correspondents in
144 countries, Aktif
Bank became a
leader in challenging
geographies with its
transaction volume of
about TL 5 billion by
providing support for
the Turkish exports
in line with its
established strategy,
in 2020 as well.

AKTİF BANK



INTERNATIONAL BANKING

More than Thousand Correspondence Relations in 144 Countries

In order to mediate foreign trade transactions and carry out the treasury transactions of the Bank's customers, the Group continued its efforts for the allocation of new cash and non-cash loan limits in 2020 as well.

Having 1,081 correspondents in 144 countries, Aktif Bank became a leader in challenging geographies with its transaction volume of about TL 5 billion by providing support for Turkish exports in line with its established strategy, in 2020 as well.

INFORMATION TECHNOLOGIES AND TALENT & DEVELOPMENT

Information Technologies

The group was entitled to receive the "R&D center" certificate with its qualified work in the field of innovation and planned technology investments issued by the Ministry of Industry and Technology in August 2016. It continued its R&D Center projects at full speed in 2020 and completed certification audits during the pandemic period.

In Horizon 2020, the most important research and innovation program in Europe, the Bank's project activities carried out together with a leading university in Turkey continued in 2020 as well.

The "Active Guide" practice, which was implemented in order to speed up the adaptation processes to the institution for newly recruited employees, was rebranded as "My Companion."

Talent and Development

Competent Human Resources, the Key to Our Successi

In 2020, in order to consolidate the Bank's employer brand perception, the employer brand project was implemented and all applications and processes were reviewed. The name of the group was changed to Talent and Development. Together with the new employer brand, the Bank's talent and development communication has started to be made with the brand name "There is No Limit If We are There."

Believing that human resource is the most valuable resource, Aktif Bank provided the continuity of employee satisfaction and developed employee knowledge, skills and competencies with an egalitarian talent and development policy in 2020, and created an equal opportunity in career planning.

Within the framework of recruitment, interviews continued to be done on digital platforms. In line with the motto "Our employees and their references are our most important candidates," the "Priority is Ours" and "We Aspire to Your Friend" practices were widely used within the Bank. The "Active Guide" practice, which was implemented in order to speed up the adaptation processes to the institution for newly recruited employees, was rebranded as "My Companion."

Trainings classified as Development Time at Aktif Akademi, Entertainment Time at Aktif Akademi and Active Café were reorganized with the concept of "Enjoy, Learn, Share" within the framework of the new employer brand. The training programs organized in this context continued in 2020 as well. Besides, trainings of employees was supported for various certifications and compulsory trainings were assigned to employees from the digital training platform.

Efforts on the E-Archive project and the digital document process are continuing. The Performance Management System Portal was given the name "Harmony" and the name of the talent and development portal was updated to "There is No Limit If We are There." The competence scores of the employees were calculated within the scope of the Talent Management program.



In order to keep employee motivation at the highest level, the "My Day is Flexible" and "My Hour is Flexible" practices launched in 2017 were continued. However, the internal communication activities carried out under the employer brand "There is No Limit If We are There" continued and collaborations with non-governmental organizations were supported within the scope of social responsibility.

2020 Highlights

New Generation Digital Platform: N Kolay World

Aktif Bank, which allows individuals to invest without leaving home during the pandemic with its 100% digital N Kolay Bond product, added its fund products that offer options based on the return expectation and risk perception to the N Kolay application. The diversity of exchange rates was increased by adding silver to N Kolay FX, which offers advantageous rates in foreign exchange and commodity transactions.

In 2020, Aktif Bank took its support for sports to a new dimension by combining the dynamism and egalitarian, lean service model it offers with N Kolay digital bank with the spirit of the Istanbul Marathon, which is one of the most important marathons in the world, and became the name sponsor of the marathon for three vears.

In 2020, when the pandemic left its mark and physical events decreased. the Passo platform by adapting to the period continued to sell tickets for online events.

Aktif Bank, which

does not leave its

customers alone

not only in Turkey,

but also in the

most challenging

geographies,

continued its unique

approach to foreign

trade in 2020 as

well.

Passo World

Channeling its experience in football to the world of entertainment and events, Passo has become a platform serving not only football fans but also everyone following cultural and artistic events. In 2020, when the pandemic left its mark and physical events decreased, the Passo platform by adapting to the period continued to sell tickets for online events.

In addition, with a survey conducted in 2020 with a very wide audience through the Passo application, to what extent football matches were missed during the pandemic period and the point of view of individuals on sports, culture and art events were revealed.

EkoLiq Report Specific to the Pandemic Period

Aktif Bank, which published the 2020 EkoLig report depicting the Super League before and after the COVID-19 period, compared the Super League with the five major football leagues in Europe by examining the impact of the pandemic on the leagues. The "Football Economy Report Before and After COVID-19" received a lot of attention.

Sponsor of Turkish Football

Aiming to increase the quality and standards of Turkish football and to ensure digital integration and standardization between sports clubs and fan groups, Passolig exceeded 5.8 million cards and Passo mobile application reached a total download of 6 million.

AKTİF BANK



African Landing in Foreign Trade

Aktif Bank, which does not leave its customers alone not only in Turkey, but also in the most challenging geographies, continued its unique approach to foreign trade in 2020 as well. The Bank went beyond banking in difficult geographies and reached a trade volume of USD 570 million on the African continent in 2020. Aktif Bank, which has grown its success in the region day by day, offers its services for exporting companies through 165 correspondent banks in Africa.

Two New Partnerships with Japanese Giant Mitsubishi

In 2020, Aktif Bank, which signed two different partnerships with Mitsubishi, one of the most reputable Japanese companies, joined forces with Hitachi and Mitsubishi Corporation in the first place to develop technology solutions in the cyber security and biometric verification fields. In this respect, the Bank, which introduced VeinID-Five technology to Turkey, also provides a career platform specific to the construction industry with Workindo, which it established in partnership with Mitsubishi and Çalık Enerji.

A First in Investment Banking

Acting with an approach that goes beyond traditional models in investment banking, Aktif Bank made a breakthrough with the issuance of YEDAŞ lease certificate, in 2020. This

3.03 **NPL Rate**

Acting with an approach that goes beyond traditional models in investment banking, **Aktif Bank made** a breakthrough with the issuance of YEDAŞ lease certificate, in 2020.

for electricity distribution companies to invest in, has become an important instrument in terms of sustainability in this field by ensuring that electric energy reaches more people with a stronger infrastructure. The AAA credit rating given by JCR Eurasia Rating proves the reliability of the issuance.

issuance, which provides resource supply

Competitive Advantages

- Operating as the largest financial technologies ecosystem owning a banking license in Turkey with business models set up through technology investments and innovative channels since its foundation, and being able to yield fast, flexible and cost-favorable solutions with its ways of doing
- Providing end-to-end branchless service by allowing its customers to make all banking transactions in only a few minutes from their places regardless of time and location via its digital bank "N Kolay"
- Providing contactless payment and booking opportunities by making a breakthrough in inner-city transportation vehicles receiving payment with conventional ways via İndiBindi application
- Delivering customer experience designed with 100% digital processes in Consumer Loans and Bond products
- Providing tickets to sports events as well as entertainment and events with its unique Passo application while offering money transfer, payment and instant loan opportunities
- Providing 1 billion smart transportation transactions per annum with the transportation solutions infrastructure it offers through its services in the fields of smart city solutions production and integration with its subsidiary E-Kent
- Turkey's biggest financial institution in terms of extensive collaborations with all football clubs playing in the Super League and TFF's First League
- Combining the dynamism and egalitarian, lean service model of N Kolay brand with the spirit of the Istanbul Marathon, one of the most important sports organizations in the world, by undertaking the name sponsorship of the Istanbul Marathon with its digital bank N Kolay

- Extending credit to consumers at the moment of the purchase at Turkey's leading retail stores, thereby creating added value for these brands
- Contacting its customers at approximately 8,000 service points at PTT and UPT Transaction Points in Turkey and approximately 400 thousand service points abroad through the Bank's affiliate UPT
- Providing service to 20% of 20 million Turkish residents who do not have a bank account through the service points of N Kolay, a subsidiary of Aktif Bank
- Makina foreian investors prefer Turkey through global partnerships in different sectors and contributing to the integration of our country into the world economy, and conducting two important partnerships with the Japanese technology giant Mitsubishi in this context
- Developing technology solutions in the cyber security and biometric verification fields with Hitachi and Mitsubishi Corporation, and being the first institution that introduces Turkey to the VeinID-Five technology reading a person's hand vein print
- Providing end-to-end solutions to more than 20 thousand members with Workindo, a digital career platform dedicated to the construction sector established in partnership with Mitsubishi and Çalık Enerji

Awards in 2020

- "Innovative Project of the Year Award" for the N Kolay product with its Plus Interest feature within the scope of Corporate & Investment Banking Awards at the Asian Banking & Finance Awards organization
- The Bronze Award at the 14th Stevie Awards, which is one of the most prestigious award organizations in the world, for Aktif Bank in the "Best Customer Satisfaction Strategy" category with the Communications Center processes and services it designed specifically for N Kolay Bono customers
- For Aktif Bank Annual Report 2019 ranking among the top 100 reports in the World Ranking in the Annual Reports Awards given within the scope of League of American Communications Professionals Vision Awards (LACP), Gold Award in the Banking and Financial Services category in the world general ranking and "Best Cover Design Award" in the EMEA region
- A total of three awards to Aktif Bank: its 2019 Annual Report received Bronze in the "Interactive Report" category, Bronze in the "Graphics Design" category and the Silver in the "Internal Design" category at the ARC Awards competition, which is regarded as the Oscar of annual reports and organized by the USbased Mercomm company

"Best Customer Satisfaction Strategy" category at the 14th Stevie Awards for the **Communications Center processes** and services it designed specifically for

N Kolay Bono

customers, in 2020.

Aktif Bank was

granted the Bronze

Award in the

Aktif Bank was

granted the

"Innovative Project

of the Year Award"

for the N Kolay

product with its

Plus Interest

feature within the

scope of Corporate

& Investment

Banking Awards at

the Asian Bankina

& Finance Awards

organization.

Financial Summary

TL Million	2014	2015	2016	2017	2018	2019	2020
Total Assets	6,252	7,557	9,483	11,071	13,883	18,409	21,898
Change %	22.4	20.9	25.5	16.7	25.4	32.6	19.0
Loans-Corporate Loans	2,725	3,377	3,847	4,507	5,001	5,021	5,706
Change %	33.0	23.9	13.9	17.2	11.0	0.4	13.6
Loans-Consumer Loans	1,258	1,261	1,673	2,032	1,902	2,547	4,470
Change %	-17.7	0.2	32.7	21.5	-6.4	33.9	75.5
NPL Ratio	3.01	1.99	1.85	2.86	3.82	4.05	3.03
Change %	22.4	-33.9	-5.5	52.1	33.7	6.0	-25.2
Operating Income	619	783	932	1,270	1,509	1,993	2,188
Change %	1.0	26.5	19.0	36.3	18.8	32.1	9.8
Net Profit	34	26	98	234	382	411	560
Change %	-72.6	-23.5	276.9	138.6	63.4	7.6	36.3

AKTİF BANK'S UNIQUE AND INNOVATIVE SUBSIDIARIES

The largest financial technologies ecosystem of Turkey

Aktif Bank touches the lives of more than 10 million customers through its online and offline channels, diversified distribution networks and the synergy of its subsidiaries.

GKent

Beyond serving as a developer and integrator of smart city technologies, E-Kent provides transportation solutions and performs one billion smart transportation transactions annually. E-Kent enables technological transformation in the cities where it operates and develops value-added business models for local administrations. E-Kent offers smart public transportation solutions to approximately 8 million residents in Ankara and other cities where it operates and carries out transportation operations. Since its establishment, E-Kent has performed the operations of 15 million smart transportation cards and 375 million transportation tickets.

The stadium infrastructure project that included the infrastructure systems transformation of 60 stadiums in 31 cities, passage control and visualization systems, integrated ticketing, and stadium ticket office services infrastructure was conducted by E-Kent as well. Carrying out the entrance operations of more than 20 million football fans to the stadiums as part of the e-ticket project since April 2014, E-Kent sold around 10 million match tickets for more than 4 thousand matches more

than 1 million season tickets and transferred more than TL 2 billion of revenue from these sales to the clubs. Products and services of E-Kent, which continues to market software and hardware solutions abroad as part of its strategy to open up to international markets, have also started to be preferred in organizations such as the 2022 Qatar World Cup.



UPT Ödeme Hizmetleri ve Elektronik Para A.Ş., Turkey's first licensed payment institution, enables customers to transfer funds in multiple currencies to the recipient's name, or bank account or cards domestically and internationally.

It provides services to its customers with the widest distribution network of the sector, reaching 8 thousand points with its representatives and dealers, especially UPT branches and PTT points. In 2020, UPT carried out 1.9 million transactions in 170 different countries and reached a transaction volume of over TL 7 billion. It increased the number of contracted bank and payment institutions to 107, expanded its service network and range, and

started to provide services to the domestic payment institutions with the agreements executed.

Increasing the number of countries served with the UPT brand and system to nine in 2020, it has shown its determination to serve on a global scale. Number of transactions submitted among countries outside Turkey via UPT system increased by 249% in 2020. A total of 40 foreign banks and payment institutions performed their money transfer from 55 different countries to 60 different countries through the UPT infrastructure. Placing customer needs and experience at the heart of the service it provides, UPT pretty much completed the software works of mobile and webbased applications to move its services to digital platforms. In this context, the mobile money transfer application UPTION was launched in 2020.



Sigortayeri Sigorta ve Reasürans Brokerliği A.Ş., the innovative insurance broker of Turkey, continued its profitability in 2020 and recorded a growth of more than hundred percent compared to the previous year and strengthened its position as "Turkey's largest domestic broker" providing insurance services by mediating individual and corporate customers.

In addition to its existing distribution channels, Sigortayeri continued collaborations with leading companies in the retail sector with the services provided via digital channels and enhanced its integration into customerbased "ecosystems" in the field of insurance.

Providing corporate insurance solutions under the Asron Sigorta brand, Sigortayeri has been involved in the insurance placements of important projects in Turkey and 15 countries located in the nearby geography. Asron Insurance has significant experience in major insurance coverage for the construction, health, energy, textile, automotive and financial services sectors; in trade receivables insurance, surety bonds, engineering, professional liability, cyber risks in financial insurance products and in insurance products alternative or

supplementing to Banking solutions for project financing, and it is in a privileged position in this regard. Creating a special insurance facility in the field of renewable energy, that is suitable for project financing for the installation and operation of solar and wind energy facilities, Asron Sigorta maintained its leader position in SPP insurance in 2020. It is the Insurance Broker for 30% of the energy production originating from SPP in Turkey.



Continuing its activities as a subsidiary of Aktif Bank, PAVO continues to provide solutions compatible with the requirements of the era with its experience and know-how, expanding its range of services in new generation payment systems.

PAVO, which has taken its market share to some 20% with more than 250 thousand licensed cash register POS devices across Turkey, is developing its efforts in the sector with new structures by including operator organization, private integrator, android device solutions and BKM Techpos application activities into the value-added application and software integration.



As the largest payment institution with the most extensive network, N Kolay provides service via more than 570 N Kolay Transaction Centers and 3,500 N Kolay Kiosks across Turkey. At the same time, N Kolay Payment Institution increased the number of physical points to more than 12 thousand within the scope of its collaboration with the most important retailers and telecommunications companies of Turkey in 2019.

N Kolay, which has more than 360 thousand card customers, offers its customers a variety of convenient and safe payment services, mainly including bill payments, and domestic and international money transfers in all provinces of Turkey, allowing them to make fast, easy and secure payment transactions.

N Kolay's activity expansion application to the Turkish Central Bank to be able to provide POS service for small and medium sized enterprises was approved on 17 December 2020. During this period of increasing digitalization, N Kolay continues to work to provide easy and comfortable POS service to its customers. With the opportunity to make money transfers and pay electric, natural gas, water bills via retail points, customers can make money transfers at about 8 thousand locations in 81 provinces, without any limitation of time and most importantly, without the need for a bank account.

AKTİF BANK'S UNIQUE AND INNOVATIVE SUBSIDIARIES

Thanks to its fast online processes including transaction-guarantee, N Kolay achieved huge success in a very short time. N Kolay has become the largest collection and payment channel in Turkey with approximately 7 million transactions per month. Aktif Bank's N Kolay Kiosk Project won first prize in a competition organized by the European Financial Management Association (EFMA).

echopos Simple Solutions for

Having started its operations in August 2016 with EchoPOS brand, Echo Bilgi Yönetim Sistemleri A.Ş. realized more than 10 thousand hardware and software installations in 81 provinces at the end of 2020. EchoPos became a "Next-Generation Solution Partner" for the retail industry by providing end-to-end payment systems and integration solutions for companies' front and back-office applications.

Working with the leading retail chains of Turkey, EchoPos can provide infrastructures for more than 2 million transactions per day without any errors.

aktif portföy

Aktif Asset Management was established in 2016 as a subsidiary of Aktif Bank in the field of asset management within the framework of CMB regulations. With its knowhow and industry expertise, Aktif Asset offers return alternatives to its investors with mutual funds that it established and managed in line with different risk/return expectations. The Company brings together its investors with venture capital and real estate funds in addition to investment funds and the high earnings of the real sector. It also produces long-term solutions for customers in the system through the pension funds it manages. The size of the assets Aktif Asset managed with its approximately 60 thousand domestic and foreign corporate and individual investors exceeds TL 2 billion. Aktif Asset expands its family of funds by correctly evaluating the needs and continues its growth without slowing down.



Emlak Girişim A.Ş. was established to seize business opportunities in the real estate and construction industry; to participate in investment projects, particularly in the energy industry; and to become a leading player in international trade. In parallel with the emerging trends in the field of real estate, Emlak Girişim plans to take a leading role in direct partnerships, profit-loss sharing models and urban transformation projects. The Company has several investments and operations in several sectors such as energy and international

Emlak Girişim's largest investment is the Istanbul International Financial Center (IFC), which is expected to become one of the world's major financial hubs. Covering 3 million square meters of construction area, IFC is the biggest real estate development project in Turkey. Additionally, Emlak Girisim is a profit-loss partner in the Metropol Project in Ataşehir, and the Company has successfully completed this major investment. In 2017, Emlak Girişim also invested in SPP projects with a total capacity of 61 MWp to become one of the major players in the industry.



İnovaban İnovasyon ve Finansal Danışmanlık A.Ş. provides "Growth Strategies and Process Management" service for companies that want to gain a competitive advantage with R&D and innovation. It is the only company that provides integrated solutions in relation to benefiting from R&D support and incentives, risk management in financial and legal fields as well as intellectual and industrial property rights consultancy. Its primary customers include Technology Development Areas, R&D and Design Centers, Incubation Centers, Technology Transfer Offices, Investment Funds, Investor Networks and similar companies.

In 2020, Inovaban made contact with many companies of all sizes, which are classified as making productions in high and mediumhigh technology by TUIK, and developed business relations with them. By continuously making contacts with private banks, with mutual funds and investment networks that value the R&D ecosystem, relations were developed with the structures in the ecosystem and business development activities were developed through such channels with signed protocols.

SECOM

In 2019 100% shares of Kent Güvenlik was acquired by Secom Aktif Yatırım A.S., in partnership with Aktif Bank, Turkey's largest private-equity investment bank, and SECOM, the Japanese Security and Technology company serving with more than 60 thousand employees in approximately 19 countries around the world. With this partnership structure, security services are provided everywhere as a technological security services provider located in Turkey. The services offered by Secom to its 3.4 million customers throughout the world are not only limited to security systems but also include services in health, fire protection, insurance, geographical information, IT and real estate.

Workindo

Established in 2020. Workindo Teknoloji ve İnsan Kaynakları Danışmanlık A.Ş. aims to solve the issues of the construction sector related to processes for finding subcontractors, bidding on projects and reaching employees. Workindo, which gets investment from EGAŞ, operates actively in five countries. Workindo invests in technology and human resources with inclusion and diversity in mind. As an entrepreneurial company, Workindo aims to add permanent values to the lives of every person in the geography it operates with innovative and sustainable business models.

Subsidiaries Established With ICD Partnership

KIC (Kazakhstan Ijara Company Joint Stock Company)

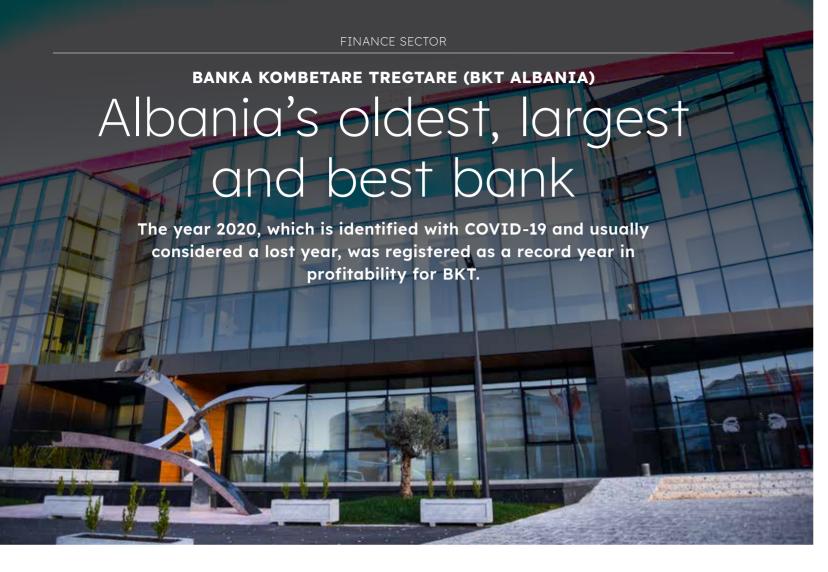
Established in 2013, "KIC" began operations in early 2014. KIC is the first financial leasing company in Kazakhstan that operates in accordance with Islamic finance principles. KIC provides leasing services mainly to small and medium-sized enterprises (SMEs) and aims to become one of the largest leasing companies in Kazakhstan over the next five years.

ELC (Euroasia Leasing Company)

Founded in 2012 in Tatarstan, ELC is the first Islamic financial leasing company to become operational in Russia. Ranking among the leading Islamic financial leasing companies in Russia, ELC provides leasing services mainly to small and medium sized enterprises (SMEs).

EMIC (Euro - Mediterranean Investment Company Ltd.)

Established in 2015 in Nicosia, EMIC is the first and only 'Islamic investment company' on the island of Cyprus; it is also the largest international investment firm in the Turkish Republic of Northern Cyprus (TRNC).



"Firsts" and "Major Achievements" in the Sector

- The first commercial bank in Albania
- BKT launched the first installment credit card and the first rewards credit card (loyalty program) in Albania; it is also the leading bank in credit cards in the country
- The first bank-university Partnership project (Fastip) that provides guaranteed employment in collaboration with the German Agency for International Cooperation (GIZ) and the Ministry of Education
- The first and only Albanian bank to become a member of the World Saving Bank Institution (WSBI)
- The first bank to introduce the bill payment system, e-government & bank partnership, virtual POS and 3D-Secure system, and the first contactless bank cards in Albania
- First murabaha transaction in Albania
- The bank made it possible for Albania to become a member of ICC (International Chamber of Commerce)

36.3
TL Billion
Total Assets

BKT's most distinctive feature is that unlike large international banks that adopt local strategies, it was established in Albania but expanded into overseas markets.

- The bank that made all insurance companies to communicate their agencies online and allowed the establishment of a switch infrastructure with the E-Insurance product (Almost all insurance transactions in the country Are made through the BKT infrastructure.)
- BKT CEO Seyhan Pencabligil was selected the CEO of the Year in Europe by EMEA Finance in 2012 and by Finance Central Europe in 2019
- Initiation of activities of Albania's first icara (Islamic financial leasing) company, of which BKT is a co-founder
- In 2015, BKT was named the best bank in southeastern Europe in terms of social responsibility initiatives (EMEA Finance)
- Earning a silver award in the banking category and an honor award in the environmental-friendly category in the Annual Report Competition (Mercomm) attended in 2015 for the first time and earning a special award by BACEE for Central and Eastern Europe
- With the first multi-functional mobile application, the first use of Beacon integration and automated push



26%

Turkish Bank with the Largest Market Share in the Operating Country

While the profitability of the sector decreased by up to 20% in 2020, BKT was able to produce a profit of more than half of the sector's profit.

TL Billion
Total Shareholders'
Equity

notifications in the country, and also use of the first mobile business application and the first WhatsApp application by BTK

- Turkish bank reached the highest market share in a country among all Turkish banks that operate overseas, with its active market share of 26% in Albania.
- Most profitable and largest bank of the country
- Most profitable institution and largest taxpayer of the country for the last four years
- Albania's oldest, largest and best bank

Competitive Advantages

- BKT's most distinctive feature is that unlike large international banks that adopt local strategies, it was established in Albania but expanded into overseas markets.
- The perception of being "the most reliable and respected bank in the country" with its 95-year history and steady growth provides an advantage to the Bank in terms of attracting deposits. Having a widespread and long-term deposit composition, BKT has a deposit market share of 26%.
- BKT is ranked as the second bank in Albania in terms of branch and ATM network. BKT has the widest network in terms of cash-in ATMs.
- Differentiating itself from international banks with its stable organizational structure; BKT has the advantage of

- implementing a long-term strategy that is similar to local banks.
- Thanks to its robust capital structure, BKT is least affected by regulatory pressure. BKT has nearly a 50% market share in mortgage loans (in local currency), credit cards and POS networks.
- BKT is an innovation pioneer in Albania's banking sector.
- By maintaining its classic customer base, it is taking strong steps in terms of digital banking.

2020 Highlights

The year 2020, which is identified with COVID-19 and usually considered a lost year, was registered as a record year in profitability for BKT. The selective loan approach and the liquid position of BKT provided a significant advantage in 2020. The Bank had the possibility of both being least affected from the potential nonperforming loan increase and evaluating the opportunities created by the expansionary actions taken by different central banks around the world to mitigate the impacts of the outbreak in 2020. While the profitability of the sector decreased by up to 20% in 2020, BKT was able to produce a profit of more than half of the sector's profit.



BANKA KOMBETARE TREGTARE (BKT ALBANIA)



By applying all protocols determined by the state during the pandemic, BKT took actions such as hygiene, mask, distance applications as well as installing separators at service points, individual customer acceptance, reducing employee density, quarantine practices on branch/department basis, remote working, focusing on digital channels. It also provided financial and psychological support to its employees in the follow-up and treatment of COVID-19, having separated from the sector. It provided maximum work security and business continuity for its employees through the bank doctor, test laboratories and psychological counseling centers with which it cooperated.

Making digitalization one of its strategic goals, BKT transformed its Information Technologies Unit as Fintech and prioritized it by allocating a larger share in terms of staff and investment. Renewing its ATM network substantially, BKT replaced all its branch ATMs with cash-in ATMs and became the leader in Albania in this category. In this regard, BKT decreases cash transactions at branches and encourages its customers to use digital banking. Cash transactions decreased by half at branches.

Making USD 40 million dividend payment to its only stakeholder Çalık Holding in 2020, BKT has been selected as the intermediary bank for potential compensation payments by the Albanian Savings Deposit Insurance Fund, and once again consolidated the title of a strong and reliable bank.

Financial and Operational Results (Consolidated)

As of the end of 2020, BKT's assets increased USD 659 million and reached USD 5 billion, registering a real increase of USD 328 million (7,6%). The total deposits of the Bank rose by USD 273 million to USD 4 billion, a 8.0% increase compared with the end of 2019.

In the General Assembly of BKT held on 1 April 2020, it was decided to pay a dividend of USD 40 million from the legal profit obtained in Albania for 2019, and according to the decisions of the Audit Board of the Central Bank of Albania on the pandemic, the payment took place in January 2021.

While BKT's 2020 net profit reached USD 75.3 million according to IFRS; its total equity increased by USD 97.8 million as of the end of 2020, reaching USD 543 million, with an annual return on equity of 20.1% in USD basis.

1.2
TL Billion
Net Sales

Making
digitalization one of
its strategic goals,
BKT transformed
its Information
Technologies
Unit as Fintech
and prioritized
it by allocating
a larger share in
terms of staff and
investment.

64% of BKT's total loan portfolio consists of corporate loans and its total customer loan portfolio reached USD 1.36 billion with real growth of 4% as of the end of 2020. The percentage of non-performing loans to the total loan balance (NPL 90) in the entire Albanian banking sector was 8.11% as of the end of 2020 while BKT has shown a much better performance with 3.46%.

As of the end of 2020, BKT operated a total of 90 branches, 64 in Albania and 26 in Kosovo, in addition to 150 ATMs and 8,472 POS terminals in these two countries. The Bank employed 1,329 personnel at end-2020.

New Investment Projects

- BKT launched the BPR (Business Process Reengineering) project in 2020 to improve its processes, increase efficiency, take steps towards digital transformation and enhance customer satisfaction and is working to improve 40 processes in Albania and 30 in Kosovo.
- Having started pilot applications in the credit card and consumer loan processes and renewed the customer



acquisition process with Pega from top to bottom, the Company is implementing the project phase by phase.

- It improved card operation processes such as cards/statements/PINs, and the pilot implementation stage was initiated.
- Steps were taken towards the centralization of the operations, and some processes such as salary payment were centralized.
- In addition to the implementation of digital archive systems, the construction phase of a new physical archive was completed, and other steps have begun to be taken.
- Necessary investments were completed to move the headquarters building damaged by the earthquake at the end of 2019 and create a modern and safe business environment, and the new headquarters building was successfully commissioned.
- In order to meet the increasing need for data storage and data security, location was determined for the new data center building; plans were made to move the existing data center and increase its capacity in 2021.
- In order to meet the PSD2
 requirements and to increase the
 direct transaction processing rate and
 reduce the manual intervention rate
 by increasing the speed of money

3.46%NPL Rate

1.4
USD Billion
Total Customer
Loans Portfolio

BKT launched
the BPR
(Business Process
Reengineering)
project in 2020
to improve its
processes and is
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40 processes in
Albania and 30 in
Kosovo.

BANKA KOMBETARE TREGTARE (BKT ALBANIA)

BKT Albania accelerated its investments in Mobile Banking and Internet Banking and strived to meet especially the need for commercial customers to make transactions without branches, which increased during the pandemic.

transfers, the transfer infrastructure was separated from the main banking system and migrated to OBP (Oracle Business Payment).

- The Bank's CRM system was built and implemented using Pega, and it was aimed to make smarter offers to the customers with use of artificial intelligence.
- Investments in Mobile Banking and internet banking were accelerated; especially the need for commercial customers to make transactions without branches, which increased during the pandemic, was strived to be met. Making tax payments by scanning barcodes from mobile and redesigning all screens are some of the improvements made. Besides, the complaint management system was integrated with the channels, and Facebook and WhatsApp chatbot applications were also activated.
- BKT, which has the widest network in terms of cash deposit function by expanding its service network with the latest model ATMs with touchscreens, aims to turn ATMs into channels where all transactions can be made alternative to branches, by updating its software. The first two phases of the software work, which allows the ATM menu to be used like a tablet, have reached the stage of user testing.

New Practices, New Products, New Partnerships

BKT played an active role in cooperation with the state in the actions taken to reduce the impacts of the pandemic on the economy, took the largest share in salary support payments, and played an active role in state sponsored zero-interest salary loans and state guaranteed business loans.

90 Number of BKT Branches

BKT Albania implemented the "Baby Loan" product so that companies or individuals who want to postpone their debt due to the pandemic are able to make their transactions easily.

1,329
Total Number of Employees

In order for companies or individuals who want to postpone their debt due to the pandemic to be able to make their transactions easily, the "Baby Loan" product has been implemented; the additional financing burden that the postponing will bring has spread out to the maturity.

For citizens who lost their homes due to two tandem earthquakes at the end of 2019, the housing leasing product was developed and made available to customers. BKT, which provides a total of EUR 5 million of zero-interest financing for families suffering from the earthquake to become homeowners, has thus implemented the largest social responsibility project ever undertaken by local companies.

In order to provide Brokerage services for non-life insurances, cooperation agreements were signed with all insurance companies and brokerage services were officially started. In addition, the software for the sale of insurances through digital channels was completed and the user test stage was passed on.

Having signed an agreement with the National Regional Planning Agency (MZHUT), the Bank made an agreement on social housing finance with favorable and fixed interest opportunities and accelerated financing under this agreement.

"Applied Banking" department was established with New York University owned by the Maarif Foundation and student admissions were made.



BKT made a statement of intent to progress towards responsible banking in its fields of activity as a Member of the Global Compact in line with its sustainability and social responsibility strategies.

Quality Standards and Certifications

• ISO 9001:2015 Quality Management System Certificate

Awards in 2020

- BKT was granted the "Best Bank of Albania in 2019" award by the British magazine Finance Central Europe, in January 2020.
- BKT's CEO Seyhan Pencabligil was chosen the "CEO of the Year," Best Banker in Albania for 2019 by Finance Central Europe, in January 2020.

678
TL Million
EBITDA

56%EBITDA Margin

- BKT was awarded the "Best Domestic Bank in Albania" presented by the prestigious British trade magazine EMEA Finance in March 2020 for the tenth time.
- In March 2020, BKT was granted the "Best Bank in Albania in 2020" award by the American magazine Global Finance.
- JCR Eurasia affirmed BKT's long term national credit rating as AAA (Alb)/ Stable for the 12th time in September 2020 and its long term international foreign and local currency rating as
- JCR Eurasia Rating confirmed BKT's Score of Compliance with Albania's Corporate Governance Code as 89.92 with a "Stable" outlook, in November 2020. According to JCR Eurasia Rating's methodology and notational representation, the level of overall convergence of BKT with the principles of corporate governance corresponds to the AAA (Alb)/Distinctive category and its degree to the level of a/ Excellent.
- In December 2020, The Banker Magazine awarded BKT as the "Best Bank of the Year in Albania" for the eighth time in a row after 2013 and for the 11th time in total.

Financial Summary (TL Million)	2018	2019	2020
Total Assets	20,819	25,499	36,959
Net Sales	833	949	1,206
Total Equity	2,297	2,884	4,055
EBITDA	456	493	678
EBITDA Margin (%)	55	52	56
Market Share on Total Assets (%)*	29.4	27.1	26.3
Market Share on Deposits (%)*	28.6	25.9	25.5
Market Share on Loans (%)*	22.2	16.5	15.7

^{*} Including 2018 market share figures for Kosovo. As of 2019, Kosovo was removed from market shares because it changed from branch status to subsidiary status, and the Albanian figures are shown in solo.

BANKA KOMBETARE TREGTARE (BKT KOSOVO)

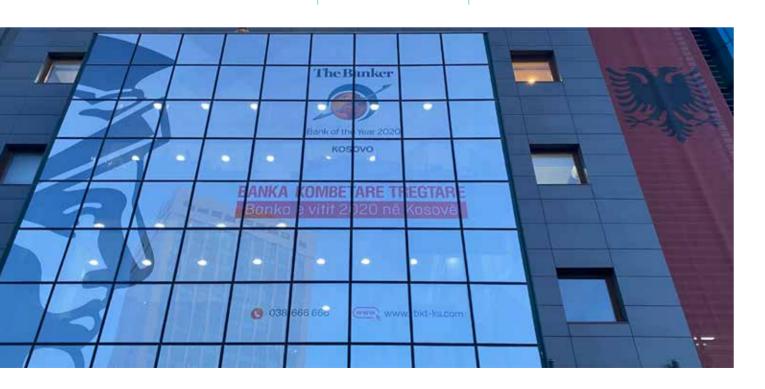
Kosovo's fastest growing and most innovative bank

BKT Kosovo is committed to serving all customer categories including individuals, companies, SMEs and micro-businesses while focusing on being recognized as a global banking partner.

Operating in Kosovo market since 2007, BKT Kosovo was a branch of BKT Albania until 2018. As of April 2018, it has become one of the fastest growing banks in the Kosovo banking sector. BKT offers a large number of innovative and modern banking opportunities and solutions, as well as various competitive banking products. BKT Kosovo is committed to serving all customer categories including individuals, companies, SMEs and micro-businesses while focusing on being recognized as a global banking partner. For BKT, growth means adapting to changes and new

BKT Kosovo follows the latest technological developments in the financial world by investing in the latest trends. developments in all areas; thus, BKT Kosovo follows the latest technological developments in the financial world by investing in the latest trends.

In this respect, BKT Kosovo, which was transforming since 2018, focused on the digitalization of traditional banking services. The Bank aims to increase its efficiency in providing services and also to improve satisfaction by meeting customer expectations.





For BKT Kosovo, the year 2020 was a year full of various solutions, services and products, which were considered to be great advances in the local market.

BKT Kosovo, one of the fastest growing banks in the Kosovo market, is the fastest and most innovative power in digitalization in the country's banking sector.

2020 Highlights

Given the pace of development of automation and digitalization, BKT Kosovo, which had become ready to provide a large part of its services remotely before the outbreak and was ready for quarantine measures, was not adversely affected by the coronavirus outbreak. It is seen that the outbreak process has encouraged the Bank to further develop its digitalization and automation strategy.

As a universal bank with a variety of world class banking solutions to both businesses and individuals, BKT Kosovo continued to support the Kosovo economy in 2020 as well. BKT Kosovo, one of the fastest growing banks in the Kosovo market, is the fastest and most innovative power in digitalization in the country's banking sector.

For BKT Kosovo, the year 2020 was a year full of various solutions, services and products, which were considered to be great advances in the local market. During this operational period, the Bank has made innovative investments such as digital accounts, digital loans, lending through third parties (BKT business partners) and Smart Invest.

It is seen that the digitalization of the Bank has led to a significant increase not only in customer satisfaction, but also in financial figures. In this respect, business volumes, transaction numbers, revenue and service quality were the items that increased during the year.

BKT Kosovo, in parallel with the global trends for market and digitalization, carried out many investments and process developments in 2020 in order to better respond to the crisis brought about by COVID-19. These initiatives were aimed at implementing strategic plans for further digitalization of the Bank, improving customer satisfaction, maximizing the Bank's capabilities and transforming the way the Bank operates. BKT Kosovo will continue to provide relevant trainings to its staff regarding the latest technologies and modern applications it offers to its customers.

The Bank has launched the digital loan application for the first time in Kosovo. For all BKT customers who can apply for personal loans 24/7 through the mobile banking application, a process was designed that ends in four steps and within five minutes and receives an instant confirmation or rejection response.



BANKA KOMBETARE TREGTARE (BKT KOSOVO)



In 2020, BKT Kosovo provided remote service to its customers in line with the measures taken by the Kosovo Government and the instructions of the Central Bank. The Bank was prepared for these measures in advance, as it had previously developed and provided ancillary solutions to its customers as part of its banking activities through digital solutions. Given the customers' expectations and the new situation caused by the outbreak, the Digital Account has stood out as an important decision that the bank had to take. After the government announced that it would provide financial support to citizens in need, BKT Kosovo simplified the account opening time considering citizens without a bank account, and ensured that every citizen had easy, regular and quick access to banking services. The option of being able to open an online account has been an option that facilitated the work of both the Bank and customers in this respect.

The Government of Kosovo prepared a financial assistance package for the citizens most affected by the outbreak, especially in the first and second quarters of 2020. This measure was welcomed by citizens, but it turned out that there were many citizens who did not have an active current bank account. Given that these funds would be distributed only through bank accounts, despite the COVID-19 measures and quarantine, banks were swarmed with customers who wanted to open accounts. In this process, BKT Kosovo became the first bank on the market to launch a digital opening of a current account, which was done very quickly and simply. Customers can apply online for an account opening and then Customer Services calls customers for approval and activates the account online. This provided both a competitive advantage to the Bank and convenience to customers who could not get out due to quarantine. So, many customers opened their accounts online and received payments from the Government without being exposed to any infection and risking their health.

In 2020, BKT Kosovo provided remote service to its customers in line with the measures taken by the Kosovo Government and the instructions of the Central Bank.

Similarly, after the government's decision for citizens to withdraw 10% of their pensions, BKT Kosovo has ensured that customers can withdraw their funds without having to visit the bank thanks to digital accounts.

BKT Kosovo established a new department called Digital Banking in order to facilitate its progress towards digitalization. The reorganized CRM department took over Corporate Communication, whose main goal was to receive and understand expectations from customers, together with product development and customer service. The department is obliged to customize and implement solutions based on customer behavior insights and, finally, to communicate these solutions to the general public and stakeholders. In addition, the Bank has established its Private Banking department to improve the management of customer relations with customers who managed to save more and create more assets.

BANKA KOMBETARE TREGTARE

Bank of the Year 2020 for Kosovo



On the other hand, BKT Kosovo signed a partnership with nob-bank financial institutions (money transfer agencies) in 2020 in order to provide its customers with a large number of service points and to be effective in cost management in terms of investment, and ensured that its customers can be served as if they had gone to BKT branches. All contracted institutions in the territory of Kosovo currently provide various banking services such as depositing and withdrawing money on behalf of BKT Kosovo, applying for services regarding a loan product or other accounts. Thus, the Bank's network of distribution points has tripled while its costs have remained unchanged. While meeting the expectations of customers, BKT Kosovo offers the largest and most efficient network of branches and agencies that increase overall satisfaction in the conduct of banking transactions.

BKT Kosovo has developed a new way to expand the business opportunities of selling loan products through its artisan dealer partners, allowing potential and existing customers to obtain financing through third-party relations. Thanks to the wide network of artisan dealers, BKT offers its customers more opportunities and provides one-stop services with easy access to financing due to network relations. BKT Kosovo reached a significant number of agreements with car dealers covering 90% of the new car market.

BKT Kosovo established a new department called Digital Banking in order to facilitate its progress towards digitalization.

BKT Kosovo has developed a new way to expand the business opportunities of selling loan products through its artisan dealer partners, allowing potential and existing customers to obtain financing through third-party relations.

BANKA KOMBETARE TREGTARE (BKT KOSOVO)



Digital Loan through BKT e-Banking 24/7

Due to the regular and numerous transfer flows to Kosovo via the diaspora, BKT increased the number of transfer channels by offering services from two companies and a post bank in Switzerland. The bank offers its customers the opportunity to make international payments in 125 currencies via a specially designed product.

In light of the launch of innovations and new products, BKT has launched the first and only local investment platform that opens the door for Kosovo citizens to access international financial markets or reduce the risks of their financial assets. Smart Invest provides customers with direct access to a variety of products such as FX, commodities and stocks not only in high-end markets such as USA, Germany, Japan or UK, but also in South Africa, Peru and many other markets where they can trade with international investors. With Smart Invest, customers who have the opportunity to monitor markets from their phones can instantly read relevant news, receive alerts and notifications, make transactions and perform technical analyses. In addition, customers can easily see the history of their investments, performance analysis, account movements and more.

BKT Kosovo implemented the Kondor project to increase automation in Treasury processes. This platform, on which all Treasury products are reserved, is also used by international banks.



BKT Kosovo has launched the first and only local investment platform that opens the door for Kosovo citizens to access international financial markets or reduce the risks of their financial assets.

Kondor allows automatic processing without the need of human intervention (STP) for international transactions; the platform uses country filters, counterparty loan and payment filters, position filters, stop-loss filters and user filters so that relevant sections can be monitored and automatically notified.

Having introduced many new solutions and products in 2020, BKT Kosovo has launched SYS and Phone Banking applications that allow its customers to be informed about their bank statements and perform various banking transactions without having to talk to an agent. Besides, most of the complaint management process, which helps bank officials better manage various needs and complaints from customers according to more effective internal procedures and in accordance with regulatory requirements, is organized in an automatic way constantly providing customers and staff with alerts and information about the resolution of complaints.

"Firsts" and "Major Achievements" in the Sector

- The first bank in Kosovo to start digital opening of a current account via a Digital Account
- The first bank in Kosovo to provide digital credit through mobile banking
- The bank with the largest and most efficient network of branches and agencies that increase overall satisfaction in the conduct of banking transactions



 The bank which offers the first and only local investment platform that opens the door for Kosovo citizens to access international financial markets or reduce the risks of their financial assets with Smart Invest

Competitive Advantages

- Being as close as possible to its customers by making banking accessible and flexible at all times using online platforms that constitute the main asset of customer relationship management
- State-of-the-art technology used to provide digital services to customers through branches, digital banking or communication centers

Financial and Operational Results

Despite the outbreak, BKT Kosovo managed to maintain a very good liquidity level, regular growth and strong capital and to achieve the largest increase in the main TPGs across the sector. 2020 was the year when BKT Kosovo first demonstrated its success; after having been ranked 5th in the market for a long time, BKT Kosovo managed to take 4th place in asset size and the vast majority of other financial indicators, in 2020.

4th
Place

Asset Size in Kosovo

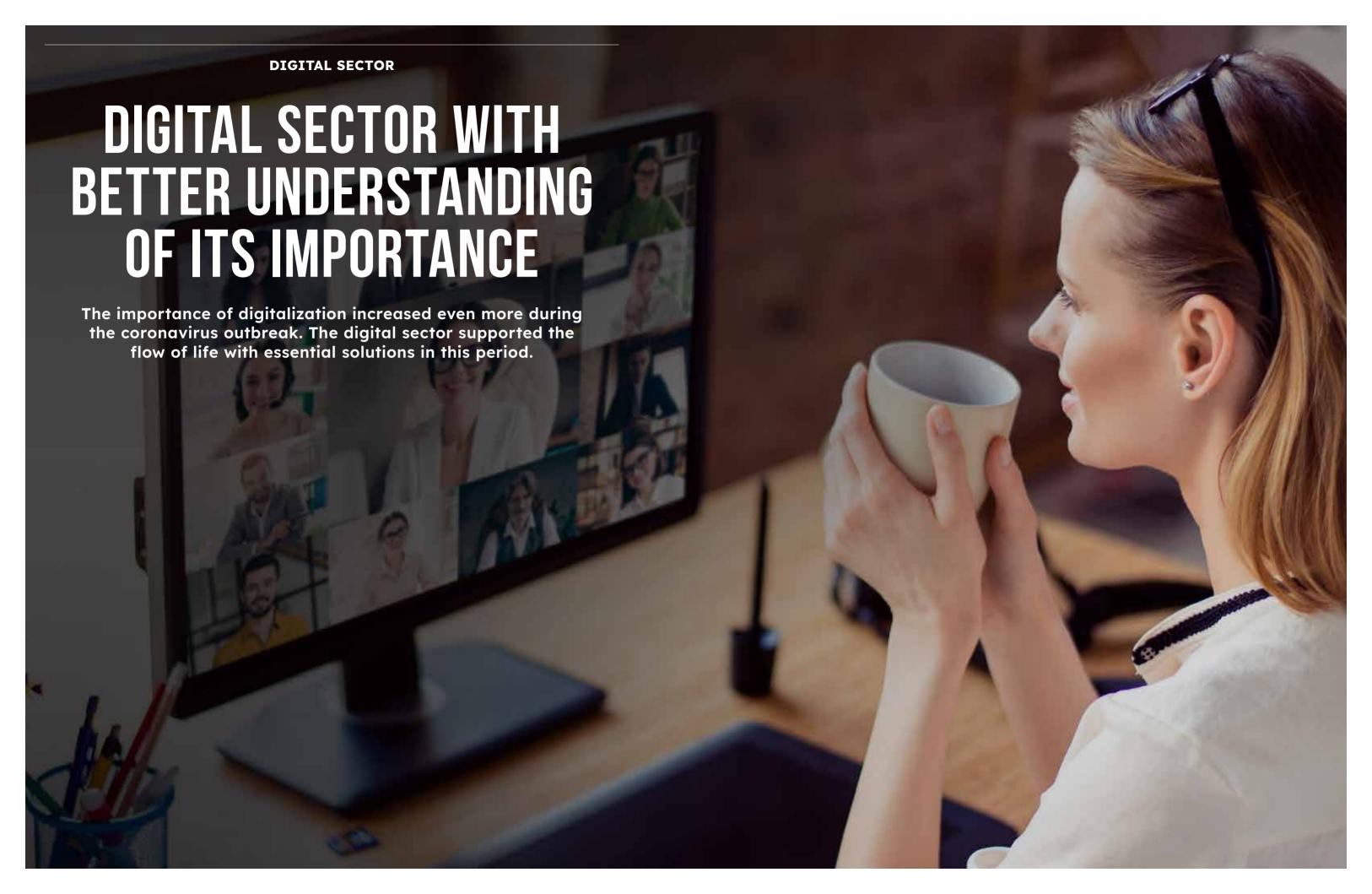
BKT Kosovo is the first bank in the country providing digital credit through mobile banking.

Awards in 2020

 The "Best Bank in Kosovo" award given by Banker, a finance magazine published by the Financial Times

Goals

BKT Kosovo aims to maintain sustainable growth in 2021 and in the future. Focusing on transforming all of its processes and making them more customer-oriented and efficient, BKT will continue to be a pioneer of digital innovation across the market. Besides, BKT Kosovo aims to become market leader in 2023, while it plans to introduce innovations for wider use not only in Kosovo, but also in the region and beyond. The Bank, which is in the final stage of conceptualizing and launching some modern applications in this respect, plans to implement the C-Find project as an online market place where sellers and buyers interact to sell/ buy and rent cars and other property. In addition, with the C-Agro Project, it aims to connect agro manufacturers and retail customers to sell/purchase various agro products.



AN OVERVIEW OF THE DIGITAL SECTOR IN 2020

Business processes transformed with digital technologies

The year 2020 draws attention as a year in which the digital sector gained importance, awareness raised, and new technologies and applications came to the forefront with the effects of the COVID-19 pandemic.

In this period when business models, ways of doing business and the competencies necessary to achieve success are constantly changing with digital technologies, technologies such as artificial intelligence, data science, machine learning and automation systems are accompanying this transformation and all active sectors are affected by this transformation. In order to ensure sustainable growth, getting hold of this rapid digital transformation wave is becoming more and more important day

The year 2020 draws attention as a year in which the digital sector gained importance, awareness raised, and new technologies and applications came to the forefront with the effects of the COVID-19 pandemic.

The COVID-19 outbreak has affected the way of doing business as well as that it has changed the way of life. This pandemic situation, which includes many 328

USD Billion

2025 Global Diaital Health Market Size Expectation

In order to ensure sustainable growth, getting hold of the rapid digital transformation wave is becoming more and more important day by



expected and unpredictable impacts, once again emphasizes the importance of business continuity and its components. The digital transformation concept, which has become widespread with COVID-19, also makes its impact felt in the industries where Calık Digital operates.

With the impact of COVID-19, investments in the field of health are increasing and the global market is growing. The global market is expected to reach USD 328 billion in 2025. With the impact of the pandemic, the annual growth will be 26.3%. Governments and other institutions increased their investments in the field of health in 2020 and allocated a significant part of their budgets to the fight against the pandemic. The use of digital tools and systems played a significant role in the management of the outbreak. Tele-health concept, which is one of the most important e-health fields expected to develop, will maintain its growth trend upon the elimination of regulation problems and data security concerns. Electronic Health Records Systems have had a significant share in the market for the improvement of patient treatment quality and instant monitoring. With the development of tele-health applications, it is considered that the importance of emergency health (ambulance) services will increase while remote patient monitoring and mobile health systems are expected to become widespread. In this respect, forecasting through data-oriented analysis and decision support systems will be created; instant monitoring and control of medical equipment and health personnel resources will gain importance.



158

TL Million "Industry Applicable Smart Digital Technologies" Incentive Call provided support

to 396 SMEs

While the size of the Turkish IT market was TL 152 billion in 2019, it increased to TL 170 billion in 2020 with a 10% growth.

26.3%

Digital Health Industry Annual Growth Rate

Providing instant tracking and control of the pharmaceutical supply chain in the country through the Pharmaceutical Tracking Software will be important.

And in the manufacturing sector, digital transformation will accelerate more with the impact of the pandemic. The global market is expected to reach USD 220 billion in 2025. The Manufacturing Execution System (MES) will take its place in the production processes of the businesses by attaining the highest share in the market. With the increase in automation, solutions aiming to provide human-independent business continuity will be implemented. Maintaining physical distance and using less labor with robotic solutions gain importance in providing the continuity of production in crisis periods such as pandemics. Remote access and the use of digital platforms make the security of assets more sensitive. With the increase in automation, industrial cyber security becomes mandatory for businesses as well.

The COVID-19 pandemic adversely affected the information technology market in Turkey, and the affordability of hardware and packaged software remained limited in 2020. On the other hand, while e-transformation projects accelerated within the scope of Turkey's 2019-2023 strategic plan, incentives and tax exemptions attract foreign investments to the Turkish technology and information industry.

While the size of the Turkish IT market was TL 152 billion in 2019, it increased to TL 170 billion COVID-19 period, it will be ensured in 2020 with a 10% growth. In the insecure environment created by the COVID-19 pandemic, cybersecurity poses both a risk and an opportunity in the Turkish IT market in the medium term. Turkey is in a high-risk region for cyber threats, which increases the likelihood of high-impact attacks on

critical infrastructure. At the same time, this situation creates more demand for cyber security solutions.

The Ministry of Industry and Technology of the Republic of Turkey, the Chambers of Industry and the Development Agencies announced important incentive packages for industrial organizations during the COVID-19 period and took steps to maintain production. These financing options announced, especially for digital transformation projects, accelerated the digitalization of SMEs. With the "Industry Applicable Smart Digital Technologies" incentive call announced by KOSGEB during the pandemic period, TL 158 million support was provided to 396 SMEs.

In a survey conducted with the IT leaders of Turkey's leading companies, the technological investment plans within two vears after the pandemic were examined. Data analytics and advanced analytics stand out as priority investment targets, followed by cloud systems and artificial intelligence applications.

According to a study conducted, "widespread digital transformation" is at the top of the improvement priorities of companies after COVID-19. Measures to be taken to improve information security are among the action plans of companies.

The COVID-19 outbreak has once again demonstrated the benefits of Industry 4.0 and smart manufacturing applications, which enable remote management of monitoring and maintenance of operations, production lines and facilities. During the COVID-19 crisis, it has been seen that IoT plays important roles in crisis management, public health and safety, supply chain and production. It should not be ignored that smart applications will have benefits not only during the crisis but also after this period.

From the perspective of the future of business, in a digital world of the postthat machines and humans will work independently but in harmony with each other. Governments, institutions, and private companies will continue to explore ways to digitalize business through advances in robotics, artificial intelligence, data science, cloud, and other technologies.

ÇALIK DIGITAL VE BİLİŞİM HİZMETLERİ A.Ş.

EXCLUSIVE and innovative

digital solutions

Çalık Digital increases efficiency in business processes with

Çalık Digital increases efficiency in business processes with the internet of things, data science, digital twin, cybersecurity, sector-specific software, data center and infrastructure solutions it offers in the industrial field.



Starting operations in early 2018, Çalık Digital increases efficiency in business processes with the internet of things, data science, digital twin, cybersecurity, sector-specific software, data center and infrastructure solutions it offers in the industrial field and therefore increases the product and service quality provided to the final user.

In this era when digital transformation became more popular and started to be used in industry, Çalık Digital develops innovative and competitive products and services to resolve the problems regarding digital transformation. Carrying out activities with the vision of creating unique value in the digital development and transformation of health, energy, production, telecommunication, and corporate areas, Calık Digital aims to be a reliable digital transformation business partner for the private sector and public institutions in Turkey and the neighboring geographies.

Çalık Digital aims to be a reliable digital transformation business partner for the private sector and public institutions in Turkey and the neighboring geographies.

Çalık Digital
develops innovative
and competitive
products and
services to resolve
the problems
regarding digital
transformation.

As the importance of data becomes clearer with Industry 4.0; the production strength of businesses as well as the added value they obtain from it are insufficient by themselves. With digital transformation, the data obtained has become processable and actionable. Data-oriented business models have been established to adapt to constantly changing and developing digital trends. Çalık Digital provides end-to-end integration by accompanying the digital processes of institutions with data-oriented solutions and consultancy services.

Industry 4.0 and artificial intelligence applications provide critical data to institutions and businesses and the big data obtained is transferred to digital environments. Every data transferred to the digital environment raises cybersecurity risks. Getting more and more complex every day, Cyber-attacks create serious security risks and can even affect government levels. With the solutions and services rendered in the cyber security area, Çalık Digital is positioned as one of the leading solution partners.



Çalık Digital follows the opportunities that may emerge during the COVID-19 period and closely examines the impacts of the pandemic on digital transformation.

The fact that
Çalık Holding has
been operating
in different
industries for many
years provides
Çalık Digital a
competitive edge
in industrial digital
transformation
projects.

2020 Highlights

2020 has been a year in which Çalık Digital continued to be a digital transformation business partner in different geographies. Çalık Digital continues to offer value-added services including Industry 4.0 applications, sector-specific solutions, data and cloud solutions as well as system and network integration solutions.

The COVID-19 outbreak has affected the way of doing business as well as changing the way of life in 2020; this pandemic situation, which included many expected and unpredictable impacts, once again emphasized the importance of business continuity and its components. The impacts of COVID-19 on the business world are changing the understanding of the global supply chain, challenging financial markets, and significantly affecting the ways of doing business daily.

Çalık Digital follows the opportunities that may emerge during the COVID-19 period and closely examines the impacts of the pandemic on digital transformation. In the uncertainty caused by the pandemic, it closely monitors the financial status of its customers and business partners, examines in detail in how and which projects it will be positioned, and analyzes financial risks, prioritizing the continuity of projects.

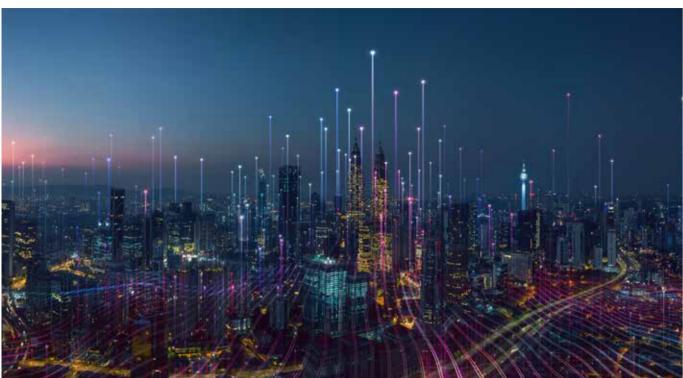
Continuing to work closely with its strategic business partner General Electric, Çalık Digital examines the kinds of projects it can develop in the outbreak environment and how it can capitalize on this uncertain environment. GE, which is one of the business partners with strong global references and economic status, evaluates the course of the outbreak and the opportunities created and tries to expand its collaboration with Çalık Digital in the relevant geographical regions.

The industrialist history of Çalık Holding as well as the deep experience it has gained by operating in different industries for many years and undertaking important and major projects provides Calık Digital a competitive edge in industrial digital transformation projects. With this broad industry experience as well as the competence of its team in digital transformation projects, Çalık Digital analyzes the needs of its customers accurately and provides competitive solutions. Aiming to provide efficiency in many areas in line with the demands of the customers with an approach of fast returns in a short time, Çalık Digital continues to be a global business partner with its strong business partner ecosystem.

By providing digital transformation consultancy services included in its service portfolio to production companies in different sectors, Çalık Digital carries out important studies in line with its goal of becoming a "digital transformation business partner" for the production sector.



ÇALIK DIGITAL VE BİLİŞİM HİZMETLERİ A.Ş.



Accordingly, the Company signed a strategic cooperation agreement with the Istanbul Chamber of Industry (ISO) in December 2018 and started to provide "Digital Transformation Maturity Analysis and Roadmap" consultancy services to 50 ISO member companies in the production sector within the scope of the Agreement as of 2019.

Continuing to provide digital transformation consultancy to various industrial organizations in the private sector, Çalık Digital contributed to leading companies in the manufacturing sector on the digitalization path in 2020.

Calık Digital also continues its efforts to increase the awareness of and contribute to the digital transformation of Çalık Holding and its subsidiaries. In the days when the transition to the remote working model took place with the pandemic, 11 seminars were organized with the participation of the employees in the Holding and its subsidiaries, and more than 1000 participants were trained. At these trainings, the participants were told about what digital transformation is, how it is applied and what kind of sample applications are available.

Developing strategic e-health projects for the private sector and public institutions in the field of health, Çalık Digital aims to become one of the leading solution partners in this field. With its expert and experienced team that has been involved in many strategic e-health transformation projects in Turkey as well as different geographies in addition to its global business partner ecosystem, Çalık Digital provides e-health solutions for hospitals, pharmacies, and other institutions operating in the public and private sectors with its software, hardware, and consultancy portfolio. After the implementation of these solutions, citizens receive a higher quality health service as the health service operations of the states become more efficient and effective.

The concept of digital transformation in health, which has become an important need with the COVID-19 pandemic, provides the emergence of new solutions in this field and increases the interest of governments and private institutions in solutions. Solutions such as medicine tracking system, vaccine tracking system, tele-health, electronic health records systems and emergency health systems rapidly started to be implemented and played a key role in the outbreak

Continuing to provide digital transformation consultancy to various industrial organizations in the private sector, Çalık **Digital contributed** to leading companies in the manufacturing sector on the digitalization path in 2020.

access to health services in these regions. The changing industry and increasing need for resource force the stakeholders in the energy industry to be digitalized. Offering digital solutions to increase the safety, productivity, accessibility

and sustainability of energy production and distribution companies, Çalık Digital contributes to the digitalization of the energy sector, especially with its solutions such as Remote Operations. Asset Performance Management and Monitoring & Diagnosis Center. The energy sector, where digitalization has gained importance with the new order brought by the COVID-19 pandemic, will also have a critical position in Çalık Digital's strategy in 2021 as it was in 2020.

management. Calık Digital analyzed the needs of its customers with its comprehensive e-health portfolio during the pandemic and took important steps to implement projects in this field.

It examined closely the health systems of geographies it targeted such as Uzbekistan, Kazakhstan, Ukraine, and

add value to human life and increase

In recent years, the security problems brought by the developing technologies and digital tools continue to increase their impact in the industrial field. In this period when the industrial use of digital transformation is increasing, institutions are insufficient in integrating cyber security solutions. These attacks increased with the COVID-19 pandemic forces businesses and institutions to take precautions in the field of cyber security. Çalık Digital continues to protect the critical infrastructure and data of institutions with the solutions it offers in the field of cyber security. With the project realized with its strategic business partner GE, Çalık Digital continued to contribute to the energy sector stakeholders in Turkey in 2020 as well.

"Focusing on the future technologies," which is one of the company strategies, has a major place in the roadmap that Çalık Digital will follow after the outbreak. New generation technologies, innovative solutions and entrepreneurship ecosystem which develop in the COVID-19 environment are among the top issues



that the company follows closely. Çalık Digital meets with startup companies that develop products and solutions in the technologies it focuses on and develops various collaborations.

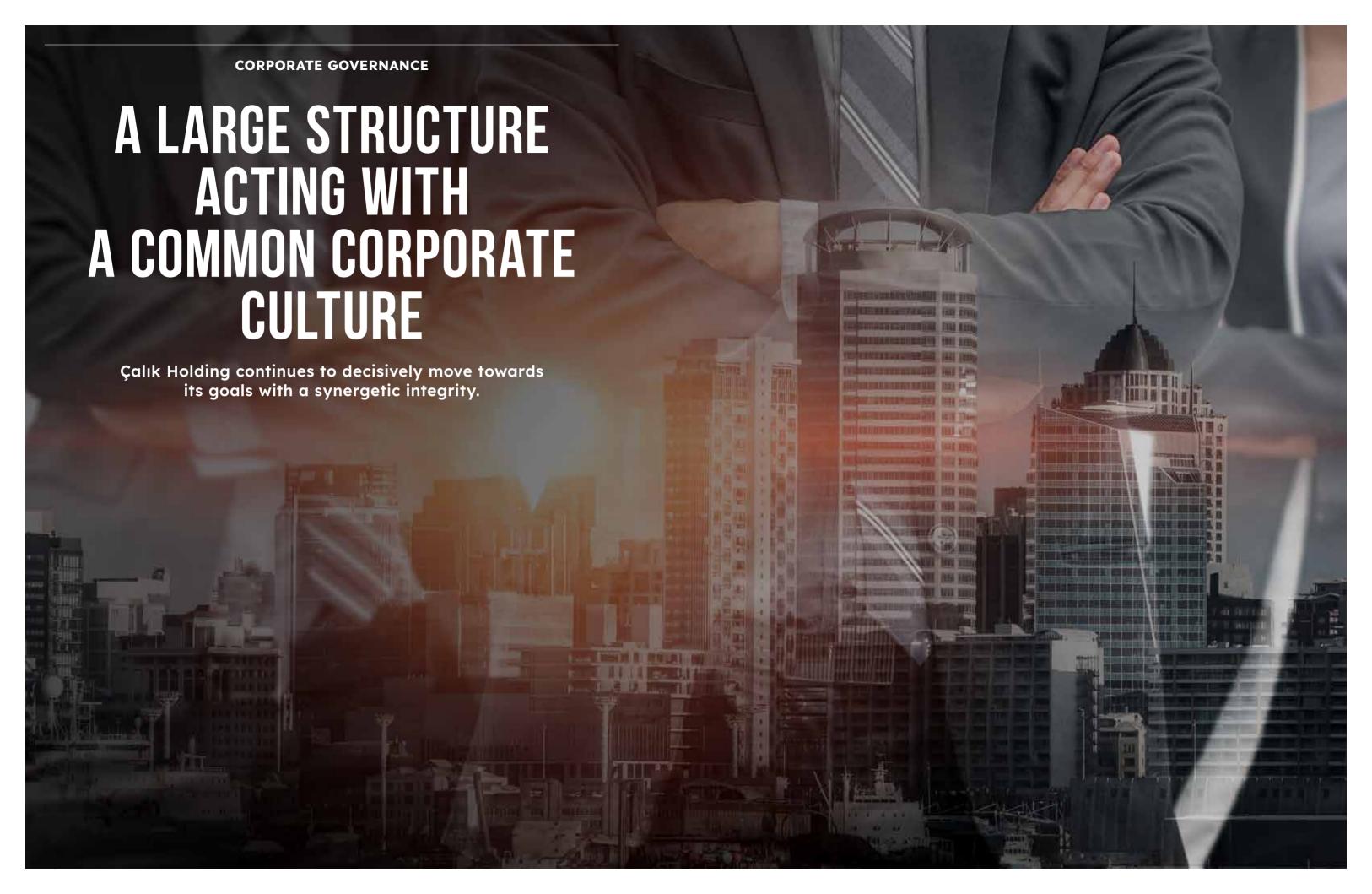
Calık Digital created a business development plan for 2021-2025 and boosted its efforts in line with this strategy. Çalık Digital, which set out with the goal of becoming the leading digital transformation business partner of Turkey and the region within the coming five years, established a strategic business partnership with General Electric (GE) in line with this vision. Çalık Digital, which will focus on mega projects as a system integrator, aims to open offices in five countries and to invest in companies that develop the future technologies until 2025.

Competitive Advantages

- Deep experience of Çalık Group
- Reliability associated with the "Çalık"
- Çalık Digital's mission to produce sustainable solutions that focus on human life
- Expertise and experience of Çalık Digital team in digital transformation
- Globally strong business partner ecosystem of Çalık Digital
- Innovative solution portfolio with the technologies that Çalık Digital focuses

Calık Digital created a business development plan for 2021-2025 and boosted its efforts in line with this strategy.

Developing strategic e-health projects for the private sector and public institutions in the field of health, Çalık Digital aims to become one of the leading solution partners in this field.



CORPORATE GOVERNANCE

Moving forward into the future with "Çalık" values

Aiming sustainable growth in the business areas it focuses on by developing innovative business models, Çalık Holding acts with the commitment of creating permanent value in every geography where it conducts business

Acting with a common corporate culture in all sectors and geographies where they operate, Çalık Holding companies' synergy and the commitment of its employees to corporate goals enable the Group to achieve a determined, strong and reliable position in every sector it operates.

Çalık Holding plans and conducts all its business processes in line with the principles of fairness, transparency, accountability and responsibility. It strives to create the highest possible value for its employees, customers, stakeholders and society as a whole in all company operations.

Çalık Holding implements pioneering projects for society and the business world, with the business processes, services and products it desians.

Aiming sustainable growth in the business areas it focuses on by developing innovative business models. Calık Holding acts with the commitment of creating permanent value in every geography where it conducts business. Calık Holding implements pioneering projects for society and the business world, with the business processes, services and products it designs.

Çalık Denim and Çalık Enerji have taken a crucial step in line with the understanding of adding value to human life in all geographies they operate by becoming signatories of the Global Compact, which recommends universal principles in order to create a common development culture in the business

Moving Forward into the Future with Corporate Values

Since its establishment, Çalık Holding has maintained its dynamism and set a good example for the business world with its courage and determination, especially in exploring new business opportunities and implementing innovation in its existing businesses. A dynamic organization coupled with a top quality workforce and highly qualified managers together create an exceptional competitive advantage for the Group.

The "Çalık" brand, which is built on Çalık Holding's entrepreneurial spirit and extensive know-how, is differentiated in domestic and international markets with the corporate values it represents. Each Group company embraces the brand

these values in their products and services while aiming for superior quality and productivity. The Group companies build their respective organizational structure upon the dynamic nature of the "Calık" brand while they seek out and implement new investment opportunities and business practices.

values wholeheartedly: in turn, they reflect

Çalık Holding's Corporate Values

Implementing an effective human resources strategy, Çalık Holding hires result-oriented individuals who embrace the group's values, apply them to all business processes, continuously improve themselves, and propose new ideas.

The corporate values embraced and implemented by each member of the Çalık Holding Family include:

- Fairness,
- People-Oriented,
- Reputation,
- Working Wholeheartedly,
- Innovation.
- Agility,
- Sustainability.

In all its past activities, Çalık Holding has always given top priority to the corporate values that form the basis of the powerful and trusted "Çalık" brand and will continue to do so in the future.

Çalık Holding companies successfully demonstrate the values embedded in the "Çalık" brand, on both national and international platforms. Being aware of their important role in representing Turkey, the Group's companies always strive to improve the country's strength and reputation.

Internal Audit

Çalık Holding Audit Group is responsible for conducting audits and where necessary, consultancy activities at Çalık Holding and Group companies on financial, operational, information and technical systems in accordance with the annual audit plan.

In order to carry out its activities in line with the principle of independence, Calık Holding Audit Group functions directly under the Chairman of the Board of Directors in the organizational structure.

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audits the Internal **Control System** of Calık Holding and subsidiaries in line with the **COSO** standards and best practices. and evaluates their effectiveness.

The Audit Group carries out all its activities in line with the International Internal Audit Standards (IIAS) as well as Calık Holding policies and procedures, and periodically informs the Board of Directors and the Audit Committees about the outcomes of its studies.

Audit Group audits the Internal Control System of Çalık Holding and subsidiaries in line with the COSO standards and best practices, and evaluates their effectiveness.

Adopting a risk-based audit approach, the Audit Group prepares the annual audit plan following the risk assessment model and in compliance with international standards.

The Audit Committees, which play a major role in corporate governance, aim to establish an effective internal control system across Calık Holding and Group companies; oversee corporate governance practices; and help the Boards of Directors perform their duties and responsibilities related to auditing and supervision in an effective manner.

Established to support and facilitate the practical implementation of the Code of Business Ethics, to ensure that all actions violating the Code of Business Ethics are reported, recorded and retained, the Ethics Line continued its activities effectively in 2020 as well.

Audit Group

Activities that add value to life

In 2020, Çalık Holding and Group companies continued their social responsibility activities in the areas of education, innovation and entrepreneurship, social solidarity, environment, arts, sports and health.

Placing the principle of providing added value to the society in all countries where it conducts business, on the heart of its social responsibility approach, Çalık Holding and Group companies continued their social responsibility activities in six different areas including education, innovation and entrepreneurship, social solidarity, environment, arts and sports in 2020.

Aktif Hearts Club restructured six schools in order to improve the educational conditions of disadvantaged schools.

Education

Çalık Denim, is carrying out the project of demolishing Sümer High School damaged in the Elazig earthquake in the center of Malatya and reconstructing it as Diniye Çalık Anatolian High School. The Company also provides approximately 800 portions of ready meals per day to five different schools for the disabled.

Çalık Denim continued to support university students who need economic support and the education of employees' children via Malatya Education Foundation, and in this respect, gave scholarships to 266 students among employees' children in 2020; it provided stationery aid to all school children of its employees at the beginning of the education season.

The Aktif Kalpler (Active Hearts) Club established by Aktif Bank employees restructured six schools in order to improve both the equipment and educational conditions of disadvantaged schools mainly in Anatolia. Aras EDAŞ, on the other hand, creates awareness by providing technical information to university students and staff on the energy sector within the scope of the academic collaboration with eight universities in the region it operates.

BKT Kosovo donated 15 computers to Besim Nrecaj primary and secondary school to support education. Lidya Madencilik gave educational scholarships to selected students in the provinces of Artvin and Balıkesir it operates and presented 18 tablets to primary school



573

Industrialists

Number of Participants on Çalık Digital's Digital Transformation Seminar

Çalık Group
contributed
TL 8.5 million to
the "Together We
Are Enough My
Turkey" campaign
and other donations
it implemented
through its
companies in
different business
lines.

students in need, who received distance education due to the pandemic, via the Directorate of National Education.

YEPAŞ chose one primary school in each of Samsun, Ordu, Çorum, Amasya and Sinop provinces, which are located in its activity area and presented books to all students as a report card gift. It also covered the one-year electricity bill of the Turkish Foundation of Raising and Protecting Mentally Handicapped Children (ZİÇEV) Samsun Branch.

Having provided "virtual reality" support to schools in Albania, ALBtelecom provided aid to the conference "Impact of COVID-19 on the Marketing of Companies" organized by the Tourism Marketing Department of the Faculty of Economics of Tirana University.

The eighth of the KEDS Academy, in which approximately 350 students participated so far, was held in 2020, and a total of 60 students, 40 of whom were vocational high school students, were trained.

Innovation and Entrepreneurship

For two years ALBtelecom sponsored IDEA Challenge, the biggest start-up competition in Albania and presented a smartphone and a 1-year internet connection to three finalists.

BKT Albania, which donated IT materials to the Rrogozhina Region Directorate of National Education, Liqenas Municipality and IEVP Peqin in order to support technological innovation, also supported the NAECCS (National Authority for Electronic Certification and Cyber Security) event, which was held with the aim of upgrading cyberspace measures in critical and important infrastructures.

Social Solidarity

Çalık Holding focused on social solidarity activities, believing that global and national solidarity is of great importance in order to be successful in the fight against the COVID-19 virus, which threatens the entire world. Çalık Group contributed TL 8.5 million to the "Together We Are Enough My Turkey" campaign and other donations it implemented through its companies in different business lines.

Within the framework of the "İftarımızı Anadolu'da Açıyoruz" event initiated by Çalık Holding in 2012, it provided shopping checks and food supplies to people in need in Erzincan in cooperation with the Red Crescent in 2020.



BKT Kosovo bought the New Year greeting cards prepared by children with down syndrome, thus provided financial support to the association and increased awareness about down syndrome by sending the greeting cards to its customers.

Aktif Bank, on the other hand, provides aid to the Parıltı Association in order to make a difference in the lives of visually impaired citizens and to support their participation in social life.

Gap Pazarlama provided combed cotton, fabric and other textile products aid to the Encander Association in 2019 and 2020. It delivered an average of 500 kg of fabric, mostly mattresses for paralyzed and needy animals, and disposable diapers for paralyzed animals' toilet needs.

Lidya Madencilik completed the project for the improvement and asphalt works of the 4.5 kms road between Aktif Bank provides
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Aşağımaden and Yukarımaden Villages in Artvin. And having developed a joint project with the Provincial Special Administration for the remaining 8 kms of the village roads, the company signed a protocol for the construction of a new route including a tunnel of about 2 kms. The Company, which also started the construction of a Village Social Facility of approximately 500 m² for the village of Yukarımaden, supported the construction-repair works of buildings such as the mosque and the school and helped the villages within the Hod Mine Project for the maintenance and repair of the drinking and irrigation water lines.

Lidya Madencilik bought and delivered 1 mini excavator and 1 truck for Haciömerderesi Development Cooperative in order to improve livelihoods and create new resources in Balıkesir.

ALBtelekom gave food packages to 100 families in cooperation with Kamza Municipality during the COVID-19 outbreak.

BKT Albania supported the Albania-Turkey Chamber of Commerce and Industry (ATTSO) within the framework of the awareness campaign made to prevent the spread of COVID-19.

In line with the 16-day action plan against gender violence, KEDS prepared a video featuring important messages from key people inside and outside the Company. KEDS also changed the colors of the lighting especially on the main street in Pristina to orange as it was the symbol of the Orange The World campaign. Likewise, the KEDS building was also illuminated in orange to give hope and support to women and the KEDS tellers all around the country participated the campaign with orange scarves and ties for 16 days.

As the first signatory of the Women Empowerment Principles in Kosovo, KEDS conducted gender equality training for more than 50 employees in March 2020. KEDS also created special rooms for young mothers at the company to promote work-life balance.

YEPAŞ installs
charging stations
for disabled vehicles
at certain points
in the city within
the scope of the
project carried
out in cooperation
with Samsun
Metropolitan
Municipality.

Environment

Çalık Holding carried out awareness activities within the company for Electronic Waste Day and supported the "Atma Bağışla" campaign of the Educational Volunteers Foundation of Turkey (TEGV) by ensuring the collection of electronic waste with the participation of volunteers within the Group. With the scrap value obtained from e-waste, financially limited children were helped to receive qualified education support at TEGV.





Gap Pazarlama, which supports the production of recycled fabrics as a result of its collaboration with Sharabati company, produced fiber from fabric remains of production in the Egypt factory and included them at a rate of 20% into the production of the fabric Walker at the Sharabati factory, thus contributing to sustainability.

Aktif Bank participated in the "Breath to the Future" campaign and donated 10 thousand saplings in order to regreen the forests after the fires in Hatay. As part of the project initiated by the Republic of Turkey Ministry of Agriculture and Forestry in 2019 aiming to green Turkey with planting a record number of more than 11 million saplings, Çalık Denim planted 11,111 saplings on 11th November of this year as well. Çalık Enerji planted saplings in the name of all its employees in the Izmir Bademli-2 Memorial Forest in early 2020. Lidya Madencilik, on the other hand, planted 100,000 saplings in the Balıkesir Bigadiç region within 2020, under the protocol signed with the Balıkesir Regional Directorate of Forestry.

Aras EDAŞ coated some parts of the electricity poles with plastic insulators to prevent the electrocution of birdlife, checked and cleaned the nests of storks on the migration routes and carried out activities for wild and stray animals that had difficulty in finding food during the pandemic. Having shared also social media posts to expand the Zero Waste Project across the entire service region and to raise awareness of the customers, the Company participated in certification programs on environmental issues and started carbon footprint calculations.

Specially produced food and water bowls are placed for stray animals in front of the customer service centers and in certain areas of the city by YEPAŞ employees.

In February 2020, the young female engineers of KEDS organized a workshop on Energy Conservation and Environmental Impacts for a large audience of Pristina State University students. Encouraging its employees to use bicycles for the environment, KEDS placed bike stands for this purpose.

11,111
Saplings
Çalık Denim Sapling
Donation in 2020

Specially produced food and water bowls are placed for stray animals in front of the customer service centers and in certain areas of the city by YEPAŞ employees.



Art

Aktif Bank sponsored the Istanbul Foundation for Culture and Arts (İKSV), which has been operating since 1973 in order to enrich the cultural-artistic life of our country and to bring art lovers together with contemporary art, for four years.

In cooperation with KEDS, Pristina Municipality and Q'Art, 20 transformer stations were painted with the participation of more than 20 national and international artists in order to transform the stations into urban art objects. The project has created a special texture impact on the neighborhoods of the Capital Pristina.

Healtl

Gap İnşaat developed special air cleaning appliances to fight coronavirus in its R&D centers and donated 36 air cleaning appliances to 32 hospitals in Istanbul.

Collaborating with the Pristina-based Autism Association in order to provide one-year financial support for the treatment of children with autism, BKT Kosovo also covered the one-year treatment costs of a child with Down syndrome through the Down Syndrome Association Kosovo.

BKT Albania donated an Autorefractometer device to Xhaferr Kongoli Health Center.

Çalık Enerji made a donation to UNICEF on International Women's Day and delivered a package of tetanus vaccines to 15 women in developing countries to protect them from tetanus germs during their pregnancy and postnatal periods. In addition, Çalık Enerji contacted local authorities in some geographies it operates and donated humanitarian aid packages that include respirators.

Aras EDAŞ organized a blood donation organization with the regional staff in order to create awareness with the slogan "Blood is not an urgent need but a constant one," and BKT Kosovo continued the blood donation, which has become a tradition of the bank for several years, in collaboration with the National Blood Transfusion Center on Blood Donation Day.

BKT Kosovo has been the main sponsor of the adult women's tournament "Ladies Open 2020" organized by the Kosovo Tennis Federation.

Having undertaken a one-year sponsorship of the Samsun Veteran Ping-Pong Club, YEPAŞ met the needs of athletes with Down syndrome such as jerseys and tracksuits under the agreement made with the club.

Sports

Aktif Bank undertook the title sponsorship of the Istanbul Marathon with the N Kolay brand in a three-year collaboration with Spor Istanbul, a subsidiary of Istanbul Metropolitan Municipality.

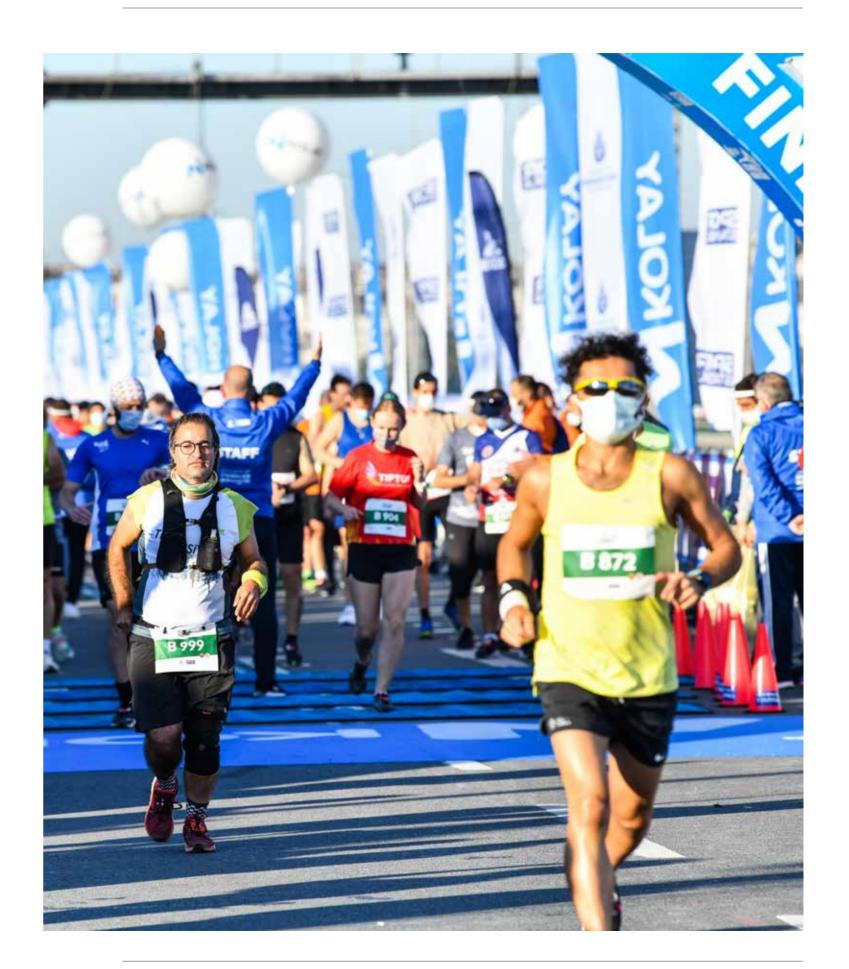
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KEDS organized a joint climbing activity outside the Headquarters building in collaboration with Alpin Group "Pristina," and also supported the Kosovo Football Federation through a Memorandum of Understanding during the year as the helping hand of Kosovo's rising stars in football.





OCCUPATIONAL SAFETY, ENVIRONMENT AND QUALITY POLICY

The top priorities are always: Quality, people and environment

Calık Holding ensures that effective policies and practices relating to quality, environmental protection, occupational health, and safety are implemented across all companies under its umbrella and obtains the required certifications for these systems.

Making investments by following modern practices in quality, environment, occupational health and safety, Çalık Holding prioritizes quality, human and environment.

The Group companies show respect for people and the natural environment in all their operations. They strive to conserve natural resources, reduce waste, and prevent soil, air and water pollution.

Valuing all its employees as a member of Çalık Holding Family, the Group makes arrangements to minimize risks on occupational health and safety. Active participation of employees is ensured regarding occupational health

Valuing all its employees as a member of Çalık Holding Family, the Group makes arrangements to minimize risks on occupational health and safety.

and safety practices, which is updated on a regular basis.

Following the developments instantly in Turkey and around the world, Çalık Holding implemented a simultaneous coordinated alternating work program in different sectors and locations within the scope of fighting the COVID-19 pandemic. Çalık Group companies met the requirements for the TSE COVID-19 Hygiene, Infection Prevention and Control Documentation Program of the Turkish Standards Institution and was awarded the TSE COVID-19 Safe Service Certificate.

Çalık Holding ensures that effective policies and practices relating to quality, environmental protection, occupational health, and safety are implemented across all companies under its umbrella and obtains the required certifications for these systems.

Quality Certifications of Group companies:

CALIK ENERJİ

- System Certificate
- ISO 14001:2015 Environmental
- OHSAS 18001 Occupational Health and Safety Systems Certificate

ENERGY SECTOR

- ISO 9001:2015 Quality Management
- Management System Certificate
- COVID-19 Safe Service Certificate

- ISO 9001:2015 Quality Management System
- ISO 10002:2006 Customer Satisfaction Management System
- ISO 14001:2015 Environmental Management System
- OHSAS 18001:2007 Occupational Health and Safety Management System
- ISO 18295-1:2017 Customer Contact Center Management System
- ISO 27001:2013 Information Security Management System

- ISO 9001:2015 Quality Management System,
- TS EN ISO/IEC 27001:2017 Information Security Management System
- ISO 10002:2014 Customer Satisfaction Management System
- · COVID-19 Safe Service Certificate
- · Zero Waste Certificate

ARAS EDAŞ

- ISO 18295-1 and ISO 18295-2 Customer Services and Call Centers Service Quality Standards
- World Energy Council Membership

ARAS EPSAS

- ISO 27001 Information Security Management System
- ISO 10002 Customer Satisfaction and Complaints Handling
- ISO 9001 Quality Management
- ISO 45001 Occupational Health and Safety Management
- ISO 14001 Environmental Management System
- ISO 27019 Information Security Management Guidelines for Process Control Systems Specific to the Energy Utility Industry

CONSTRUCTION SECTOR

GAP İNŞAAT

- ISO 9001:2015 Quality Management System Standard
- ISO 14001:2015 Environmental Management System Standard
- ISO 45001:2018 Occupational Health and Safety Management System Standard

TEXTILE SECTOR

CALIK DENİM

- ISO 9001 Quality Management System Certificate
- ISO 14001 Environmental Management System Certificate
- ISO 50001 Energy Management System Certificate
- ISO 27001 Information Security Management System Certificate
- BCI Membership
- Oeko-Tex Standard 100
- GOTS
- OCS
- GRS RCS
- · Cotton USA
- Nordic Swan Ecolabel
- EU Ecolabel
- · TSE COVID-19 Safe Production Certificate
- ISO 10002 Customer Complaints and Satisfaction Handling System
- ISO 45001 Occupational Health and Safety Management System

GAP PAZARLAMA

- ISO 9001
- ISO 14001
- ISO 18001
- WRAP
- Sedex
- 6 Sigma
- AEOC (Authorized Economic Operator Certification)
- Oeko Tex 100
- BCI

MINING SECTOR

LİDYA MADENCİLİK

- OHS&E Policy Commitment Certificate-Artmin
- OHS&E Policy Commitment Certificate-Polimetal

TELECOMMUNICATIONS SECTOR

ALBTELECOM

- ISO 9001: 2015 Quality Management System
- ISO 14001: 2015 Organization Management System
- ISO 27001: 2013 Information Security Management System
- ISO/IEC 20000-1: 2018 -Information technology Service Management
- OHSAS 18001: 2007 Occupational Health and Safety Management System

FINANCE SECTOR

AKTİF BANK

- ISO 20000-1:2018 Service Management System
- ISO 22301:2012 Business Continuity Management System
- Card Payment Industry Data Safety Standard, PCI-DSS Certificate
- ISO 27001 Information Security Management System Certificate
- R&D Center License

BKT ALBANIA

 ISO 9001:2015 Quality Management System Certificate

HUMAN RESOURCES

Visionary and strategic human resources management

Placing great importance on human resources, which play a central role in achieving corporate success, Çalık Holding aims to attain an employee profile that is innovative, solutions-focused and that can make use of high added value and advanced technologies effectively.

The main purpose of the Human Resources Policy of Çalık Holding is to achieve maximum success and to ensure sustainability in the sectors in which it operates by investing in a human resource that is loyal to the Company, that prioritizes corporate and ethical values and improves its personal and occupational competencies.

As of the end of 2020, 15,873 persons are employed in the Group including 5,482 white collars, 5,319 blue collars and 5,072 subcontractor employees.

Placing great importance on human resources, which play a central role in achieving corporate success, Çalık Holding aims to attain an employee profile that is innovative, solutionsÇalık Holding aims to achieve maximum success and provide sustainability in the industries it operates by investing in qualified human resources.

focused and that can make use of high added value and advanced technologies effectively. To this end, Holding strives to continuously support the professional development of Group personnel while working to increase their motivation and job satisfaction.

Organizational activities that cement a sense of unity among employees, foster corporate loyalty, build team spirit, and promote the exchange of thoughts and feelings are proactively supported by Çalık Holding Executive Management. Besides, to ensure that the corporate culture is embraced by the Company employees and that their loyalty to the Company is consolidated, the activities under the Holding and the Group companies are administered by the Human Resources Department.





15,783

Total Number of Çalık Holding Employees

Within the scope
of the Human
Resources
Digitization Project
completed in 2019,
the Recruitment
Process was also
digitalized in 2020
as a continuation
of the digitalization
of the performance
process.

The Human Resources Department also devises the Human Resources Policywhich is implemented by all Group companies as well as all related human resources procedures and processes.

Updated in 2016, the Group values guide the Group in the Human Resources processes and targets as in all activities and communication models.

As a result of the employer brand researches and studies, the employer brand was created as "Smiling Faces of Çalık" as a strong reflection of the corporate culture.

After the brand is decided to become an employee brand, activities are carried out to strengthen the brand perception of internal and external stakeholders in relation to the Human Resources process and internal communication activities.

In parallel with the Group's constantly growing and expanding organizational structure, modern human resources management processes and technologies are put in place, and organization-related modifications are made to meet evolving corporate needs efficiently and effectively. Furthermore, systems are set up to blend individuals' careers with corporate targets. Çalık

Holding strives to recruit and develop those highly skilled employees who will move the Group forward into the future.

In this regard, the digital transformation preparation work for the Human Resources Processes executed within the Holding and Group companies was completed in 2018. Within the scope of the roadmap and the schedule determined for 2019, the performance evaluation process, back-up process and the self-service system, in which the employees satisfy their needs related to Human Resources processes were developed and digitalized.

Digitalization Project

Within the scope of the Human Resources Digitization Project completed in 2019, the Recruitment Process was also digitalized in 2020 as a continuation of the digitalization of the performance process. In order to develop the career paths of the employees based on their goals in their journey at Çalık Group, the Development Management and Career Management processes have also been started to be designed on the cloud system.

Çalık Holding has started to design Career in Çalık, which is an advanced career website providing multi-channel job postings with its strong mobile technology function, on the cloud system to be integrated with the digitalized recruitment process.

Remuneration and Fringe Benefits Management Applications

Çalık Holding takes into consideration the key parameters of market wage rate and performance criteria when determining its compensation strategy. The Group's compensation policy is shaped according to the scope and scale of the business, competitive conditions in the market, and budget criteria. While a remuneration system in which the contribution of individuals in achieving corporate goals is prioritized in line with the person's responsibility level, there are fringe benefits made available and categorized according to title levels. The remuneration and fringe benefit activities to Group companies are kept up-to-date with their wage structures, market position and regular industrial researches.

HUMAN RESOURCES

Strategic Performance Management System

The Strategic Performance Management System is a mechanism that aligns individual goals and performance with the Company's goals and strategies to bring the vision and mission to life.

A target-based performance management system is being applied in the Holding and the Group companies. The purpose is to maximize performance by evaluating employee performance against the company's goals and strategies in an objective manner and in accordance with common principles. A strategic performance management system forms a basis for remuneration, rewarding and career management processes.

Training Management

Training needs are determined according to employees' performance evaluation results and career management data. The Human Resources Department plans and executes training programs to improve employees' corporate skills and professional competencies.

The Holding's Human Resources Department also assumes the coordination and management roles in designing and implementing shared programs. The purpose
is to maximize
performance
by evaluating
employee
performance
against the
company's goals
and strategies in an
objective manner
and in accordance
with common
principles.

Training activities reflect long-term and deliberative steps in line with the career management strategies of the Group employees. Employees who advance their professional knowledge, skills, and improve their competencies are promoted to positions of higher responsibility.

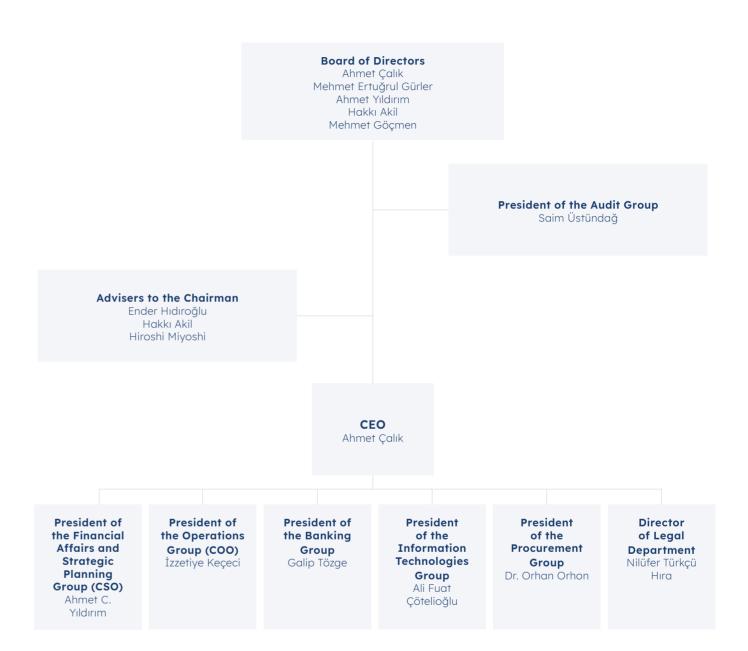
In 2020, the Human Resources
Department organized innovative
corporate training programs in line with
Company strategies, to boost employee
performance, contribute to the
advancement of the corporate culture
and improve in-house communications.

Furthermore, with the importance given to sharing of experience and expertise within the Group, "Internal Instructors" were determined within the Holding and Group companies in 2018, the program was designed and implemented. In 2019 and 2020, the structure was further consolidated, and the program continued.

Having provided various trainings, especially on "Digital Transformation," through internal trainers in 2020, Çalık Holding held Ethics and Compliance information meetings within the scope of the Mandatory Information Trainings with the participation of 900 people.

Industry	White Collar	Blue Collar	White Collar+Blue Collar	Subcontractor	Total
Holding	156	0	156	77	233
Digital	7	0	7	0	7
Textile	400	3,054	3,454	79	3,553
Construction	263	42	305	1,958	2,263
Mining	66	33	99	85	184
Energy	1,439	2,122	3,561	1,739	5,300
Telecommunications	707	58	765	578	1,343
Finance	2,444	10	2,454	556	3,010
Total	5,482	5,319	10,801	5,072	15,873

ORGANIZATION STRUCTURE



EXECUTIVE MANAGEMENT



AHMET YILDIRIM Board Member, President of the Financial Affairs and Strategic Planning Group (CSO)

Graduating from Istanbul University, English Department of Economics in 1991 and completing the Harvard Business School General Management Program in 2012, Ahmet Yıldırım acts as the President of the Financial Affairs And Strategic Planning Group and Holding Board Member, responsible for finance, strategic planning, merger and purchasing, tax planning and investors relations since September 2014. Mr. Yıldırım has 24 years of experience in corporate banking, investment and treasury banking. Before joining Çalık Holding in 2014, he has served as CEO and Board Member at Yapı Kredi Bank Germany for five years.



SAİM ÜSTÜNDAĞ President of the Audit Group

Saim Üstündağ graduated from Middle East Technical University's Department of Economics in 1994, started his professional career at Arthur Andersen Turkey and then went on to join the Capital Markets Board in 1995 to serve in various posts. Completing his master's degree at the University of Illinois in the US, Mr. Üstündağ was entitled to Certified Public Accountant (CPA) certificate in the US. After serving as General Secretary of the Turkish Accounting Standards Board (TMSK) between 2005 and 2007, Mr. Üstündağ became a partner in the Audit Department of Deloitte Turkey, where he worked from 2007 to 2014. Üstündağ holds various capital markets licenses including the SMMM (Independent Public Accountant) license, Corporate Governance Rating Specialist License and the Advanced Level License from the Capital Markets Board of Turkey. Since 2015, Saim Üstündağ has served as President of the Audit Group at Çalık Holding.



IZZETİYE KEÇECİPresident of the Operations Group (COO)

İzzetiye Keçeci was born in 1975 and graduated from International Relations at Istanbul University's Faculty of Economics in 1997. She began her professional career as a Customer Relations Representative at Gap Tekstil, a Çalık Holding company. Subsequently, she held various Human Resources positions at Group companies. İzzetiye Keçeci served as Human Resources Director at Çalık Holding between January 2009 and 2016. Since 2017, she is the President of Operations Group (COO) in charge of Human Resources, Organization, Process Development and Project Management Departments. Completing the Harvard Business School Executive Education Program and Boğaziçi University Human Resources Programs, İzzetiye Keçeci is also a Board Member at the Group company Gap İnşaat.



ENDER HIDIROĞLU Adviser to the Chairman

Ender Hıdıroğlu graduated from Middle East Technical University's Department of Mechanical Engineering and held various positions at a range of companies, including GATEKS, UPISAS, SANKO, SASA, YURTAS, Paktaş and ISKO. After joining Çalık Holding in 1993, Mr. Hidiroğlu worked at Gap Pazarlama as CEO for three years. He continued his professional career as CEO, Project Manager and Board Member at Gap İnşaat for 10 years. He acted as a senior executive and Member of the Board of Directors at Group companies of Çalık Holding. Hıdıroğlu is currently the Adviser to the Chairman of Çalık Holding.



GALİP TÖZGE

President of the Banking Group Galip Tözge was born in 1967. He graduated from Marmara University's Department of Economics (English) and received an MBA from the University of Missouri (USA). He obtained his Master's Degree in Law from Bilgi University at the beginning of 2018 and commenced his banking career in 1993 at Citibank, and joined Akbank T.A.Ş. in 2002. He worked at Akbank and associated companies for 12 years serving in various senior management posts. Galip Tözge acted as the Assistant General Manager of Akbank and also Board Member of Ak Portföy Yönetimi A.Ş. and Ak Yatırım Menkul Değerler A.Ş. In 2015, he was appointed CEO at Aktif Bank and currently serves as Çalık Holding President of Banking Group, BKT Board Member, ALBtelecom Board Member and Çalık Digital Chairman of the Board.



HIROSHI MIYOSHI

Adviser to the Chairman Hiroshi Miyoshi was born in 1956 in Japan. After graduating from Waseda University, Political and Economic Department, he joined Mitsubishi Corporation in 1980. He served for Mitsubishi Corporation for 37 years and experienced various posts for project development and board members of subsidiary companies of Mitsubishi Corporation. He created a business model for developing business partnerships between Turkish and Japanese companies in the 1990s, he carried out some of the crucial infrastructure projects in the region. While he was serving as SVP, Chief Executive for Turkey, Central Asia and Caucasus of Mitsubishi Corporation, he served as the Chairman of the Japanese Society in Istanbul in 2013. Since 2017, Hiroshi Miyoshi has been serving as a Senior Adviser to the Chairman in Çalık Holding.

EXECUTIVE MANAGEMENT



ALİ FUAT ÇÖTELİOĞLU President of the Information Technologies Group

Following Kadıköy Anatolian High School, Ali Fuat Cötelioğlu graduated from Boğazici University Computer Engineering Department in 1994 and started his career as a Software Engineer at Koç Sistem A.Ş. Having completed his master's degree at Yıldız Technical University, Department of Business Administration (MBA) in 1996, he founded Admin Danışmanlık Yazılım LTD Company in 1997 and carried out various projects. After working as the Department Head in ING Bank A.Ş. Software-Private Banking Department, where he started in 2001, he served as Oyak Teknoloji Bilişim ve Kart Hizmetleri A.Ş. Software & Corporate Solutions Department Director between 2003-2007. Between 2008 and 2017, he served as Borusan Otomotiv Group CIO and Borusan Holding Group CIO, and finally as CTO at Boyner Group. As of 2020, he has been serving as the President of Çalık Holding Information Technologies Group.



Dr. ORHAN ORHONPresident of the Procurement Group

Graduating from the department of Control and Computer Engineering in Istanbul Technical University (ITU) in 2000, Dr. Orhan Orhon completed his Master's study on Engineering Management and received his PhD in Industrial Engineering at the same university. Starting his career in 1999 as an SAP Specialist at YKM Retailing Inc. Dr. Orhon worked in numerous positions in Information Systems, Financial Affairs and Supply Chain Departments until 2010. Between 2011 and 2014 he worked as Supply Chain Director and Board Member in the Medical Park Hospitals Group and served as a senior executive in various fields. Dr. Orhon Joined Çalık Enerji as Procurement and Logistics Director in 2014, currently acts as President of Procurement Group at Çalık Holding.



NİLÜFER TÜRKÇÜ HIRA Director of Legal Department Nilüfer Türkçü Hıra, graduated

from İzmir Bornova Anadolu High School and West Point High School in the State of Virginia in the US and entered Law School at Istanbul University and graduated from the same university first with a Bachelor's, then with a Master's degree. She started her career in 2002 at Birsel Law Firm and worked at Paksov Ortak Law Firm between 2014 and 2016. Nilüfer Türkçü Hıra provided consultancy services to various local and foreign banks, financial institutions and export loan institutions in their financing works. She joined Çalık Holding as a legal advisor at Lidya Madencilik in 2016 and has extensive experience in mergers and transfers, foreign investments, corporate and commercial transactions and agreements in various sectors including banking, insurance, energy, mining and media. Since 2017, Nilüfer Türkçü Hıra is the Chief Legal Counsel of Çalık Holding and she was appointed as the Legal Director of Çalık Holding in 2018.

ÇALIK HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020
WITH INDEPENDENT AUDITOR'S REPORT

7 April 2021

This report includes 4 pages of independent auditor's report and 147 pages of consolidated financial statements together with their explanatory notes.

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Consolidated Statement of Changes in Equity
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Notes to the Consolidated Financial Statements



Güney Bağımsız Denetim ve SMMM A.Ş. Maslak Mah. Eski Büyükdere Cad. Orjin Maslak İş Merkezi No: 27 Kat: 2-3-4 Daire: 54-57-59 34485 Sarıyer İstanbul - Türkiye Tel: +90 212 315 3000 Fax: +90 212 230 8291 ey.com

Ticaret Sicil No : 479920 Mersis No: 0-4350-3032-6000017

Independent auditor's report

To the Shareholders of Çalık Holding Anonim Şirketi

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Çalık Holding Anonim Şirketi ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the* consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Turkey, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the* consolidated *financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



	How key audit matter addressed in the
Key audit matters	auditor's response
Revenue recognition on construction	
contracts	
Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and GAP İnşaat Yatırım ve Dış Ticaret Anonim Şirketi, the consolidated subsidiaries of the Group, and the subsidiaries operating in the construction sector, conduct mainly engineering, procurement and construction projects ("EPC") in Turkey and abroad. The revenue from the construction contracts of the companies in energy and construction sector amounting to USD 377.631 thousands constitutes a significant portion of the Group's total revenue.	- We obtained an understanding of and tested that the key controls around the revenue recognition process are designed and implemented effectively, supporting the prevention, detection or correction of material errors in the reported contact revenue figures. - We inspected the terms and conditions of material EPC contracts in evaluating the judgements used and determining the timing of the revenue recognition.
The EPC projects are complex and exposes the Group to various business and financial reporting risks. The timing of the recognition of revenue in respect of EPC contracts is calculated in accordance with IFRS 15 "Revenue from Contracts with Customers" using the input method cost incurred to measure the progress towards to completion of the project. The Group recognizes revenue in accordance with input method to compare proportion of contract costs incurred for performance obligation with estimated total contract costs of related performance obligation.	 We discussed on the status of projects under construction with finance and technical staff of the Group and evidenced our understanding with the supporting documents. We recomputed contract revenues by using the percentage of completion method. We tested the revenue recognised from the construction contracts to amounts invoiced to customers and the subsequent receipt of payment from those customers. We tested by using sampling method the
The recognition of revenue and the estimation of the outcome of EPC contracts with project specific terms require significant management judgment, with respect to estimation the cost to complete and the amounts of variation orders to be recognized. The recognition of revenue forms the construction contracts has been identified as key audit matter due to base based on significant management estimation and judgement. We identified revenue from EPC contracts as a	construction costs to invoices by suppliers and subcontractors and the subsequent receipt of payment to those parties by controlling the relevant reconciliations. - We performed an asssesment of the historical level of accuracy and prudence in the contract cost budgets and forecasts and challenged management's current assumptions in respect of completion stages of the EPC projects or change in the cost budgets.
significant risk, requiring special audit consideration.	- We tested revenue and contract accouting journal entries focusing on unusual or irregular

We performed detailed cut off test over revenue

and revenue return accounts.



Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi A member firm of Ernst & Young Global Limited

Kaan Birdal<mark>, SM</mark>MN Partner

April 7, 2021 İstanbul, Türkiye

As at 31 December 2020

Consolidated Statement of Financial Position

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

		Current Period	Previous Period
		Audited	Audited
Assets	Notes	31 December 2020	31 December 2019
Current assets			
Cash and cash equivalents	8	897.487	1.754.177
Financial investments	9	1.692.761	1.283.164
Financial assets related to concession agreements	10	60.150	48.974
Trade receivables	11	394.769	330.326
Due from related parties	7	76.624	46.927
Due from third parties		318.145	283.399
Receivables related to finance sector operations	12	648.345	644.707
Due from related parties	7	3.480	3.061
Due from third parties		644.865	641.646
Other receivables	13	228.612	229.296
Due from related parties	7	49.873	46.540
Due from third parties		178.739	182.756
Contract assets	22	71.291	101.621
Contract assets arising from ongoing construction and contracting works		71.291	101.621
Inventories	14	228.773	229.382
Derivatives	24	13.332	4.943
	15	117.951	46.925
Prepayments Current tax assets	28	2.413	8.156
	21		
Other current assets		710.822	631.920
Subtotal Assets held for sale	5	5.066.706 60.678	5.313.591 55.607
Total current assets	<u> </u>	5.127.384	5.369.198
Non- current assets			
Trade receivables	11	35.407	98.617
Due from related parties	7	1.846	2.280
Due from third parties		33.561	96.337
Receivables related to finance sector operations	12	1.964.341	1.478.473
Due from related parties	7	4	
Due from third parties		1.964.337	1.478.473
Other receivables	13	326.000	327.171
Due from related parties	7	320.005	320.000
Due from third parties	,	5.995	7.171
Financial investments	9	1.609.150	1.165.032
Financial assets related to concession agreements	10	194.309	242.083
Investments in equity-accounted investees	16	222.015	199.546
Investments in equity-accounted investees	20	130.338	153.039
* * *			
Property, plant and equipment	17	562.406	615.564
Intangible assets Goodwill	18	128.008	146.034
		3.532	7.802
Other intangible assets	10	124.476	138.232
Right of use assets	19	45.805	40.409
Prepayments	15	78.448	27.639
Deferred tax assets	28	51.349	53.061
Other non-current assets		532	1.518
Total non-current assets		5.348.108	4.548.186
Total assets		10.475.492	9.917.384

The accompanying notes form an integral part of these consolidated financial statements.

Çalık Holding Anonim Şirketi and its Subsidiaries

As at 31 December 2020

Consolidated Statement of Financial Position (continued)
(Amounts expressed in thousands of USD unless otherwise stated.)

	•	Current Period	Previous Period
		Audited	Audited
Liabilities	Notes	31 December 2020	31 December 2019
Short term liabilities			
Short term loans and borrowings	23	1.663.719	2.163.347
Short term portion of long-term loans and borrowings	23	177.312	235.658
Derivatives	24	19.557	2.867
Trade payables	11	270.160	256.331
Due to related parties	7	12.695	3.756
Due to third parties		257.465	252.573
Payables related to finance sector operations	12	4.778.821	3.964.962
Due to related parties	7	30.286	932
Due to third parties		4.748.535	3.964.030
Payables related to employee benefits	25	7.763	9.415
Other payables	13	53.794	62.917
Due to related parties	7	23.798	27.819
Due to third parties		29.996	35.098
Contract liabilities	22	42.534	93.134
Contract liabilities arising from ongoing construction and contracting		42.334	75.154
works		42.534	93.134
Deferred revenue	15	124.678	77.424
Current tax liabilities	28	7.767	4.082
Short term provisions	26	42.204	37.729
Short term employee provisions	26	18.208	17.913
Other short-term provisions	26	23.996	19.816
Other short-term liabilities	21	81.479	129.838
Subtotal		7.269.788	7.037.704
Liabilities held for sale	5	11.896	8.352
Total short-term liabilities		7.281.684	7.046.056
Long term liabilities			
Long term loans and borrowings	23	536.264	525.225
Trade payables	11	4.886	8.959
Due to third parties		4.886	8.959
Payables related to finance sector operations	12	500.758	448.111
Due to third parties	12	500.758	448.111
Other payables	13	52.554	48.254
Due to third parties	13		
Contract liabilities	22	52.554	48.254
Contract liabilities arising from ongoing construction and contracting works	22	46.595 46.595	35.487 35.487
Deferred revenue	15	93.083	91.735
Long term provisions	26	13.103	12.112
Long-term employee provisions			11.208
Other long-term provisions	26	11.849	
Deferred tax liabilities	26	1.254	90-
Other long-term liabilities	28	52.753	63.399
Total long-term liabilities		385	2.721
1 otal long-tel in Hadilities		1.300.381	1.236.003
Total liabilities		8.582.065	8.282.059

The accompanying notes form an integral part of these consolidated financial statements.

As at 31 December 2020

Consolidated Statement of Financial Position (continued) (Amounts expressed in thousands of USD unless otherwise stated.)

		Current Period	Previoud Period
		Audited	Audited
Equity	Notes	31 December 2020	31 December 2019
Equity attributable to the owners of the Company			
Share capital	29	210.761	210.761
Adjustment to share capital Other comprehensive income that is		3.388	3.388
or will not be reclassified to profit or loss		(2.604)	(1.551)
Accumulated re-measurements loss of defined benefit plans Other comprehensive income that is		(2.604)	(1.551)
or may be reclassified to profit or loss		(337.031)	(227.815)
Translation differences		(405.280)	(286.634)
Fair value reserve of financial assets available-for-sale		68.249	58.819
Restricted reserves	29	699.203	611.516
Retained earnings		842.023	638.147
Profit / (loss) for the year		359.209	293.470
Total equity attributable to the owners of the Company		1.774.949	1.527.916
Total non-controlling interests	29	118.478	107.409
Total equity		1.893.427	1.635.325
Total equity and liabilities		10.475.492	9.917.384

The accompanying notes form an integral part of these consolidated financial statements.

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

			Reclassed (Note 2.f)
		Current period	Current period
		Audited	Audited
Profit or loss	Notes	2020	2019
Continuing operations			
Revenue	30	1.375.664	1.367.991
Cost of sales (-)	30	(956.229)	(966.593)
Gross profit from non-finance sector operations	30	419.435	401.398
Revenue from finance sector operations	30	448.218	454.146
Cost of revenues from finance sector operations (-)	30	(165.913)	(209.854)
Gross profit from finance sector operations	30	282.305	244.292
Gross profit	30	701.740	645.690
General and administrative expenses (-)	31	(229.572)	(241.924)
Selling, marketing and distribution expenses (-)	31	(36.845)	(40.491)
Research and development expenses (-)	31	(9.611)	(16.105)
Other income from operating activities	32	83.486	78.065
Other expenses from operating activities (-)	32	(129.421)	(108.025)
Operating profit		379.777	317.210
Gain from investing activities	33	114.548	108.923
Loss from investing activities (-)	33	(37.269)	(3.074)
Share of profit of equity accounted investees	16	32.347	43.342
Operating profit before finance costs		489.403	466.401
Finance income	34	105.091	44.939
Finance costs (-)	34	(168.713)	(169.032)
Net finance costs		(63.622)	(124.093)
Profit before tax from continuing operations		425.781	342.308
Current tax expense (-)	28	(75.003)	(59.550)
Deferred tax benefit/(expense)	28	16.820	20.091
Total tax expense		(58.183)	(39.459)
Profit for the year from continuing operations		367.598	302.849

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive

Income

For the Year Ended 31 December 2020 (continued)

(Amounts expressed in thousands of USD unless otherwise stated.)

		Current Period	Previous Period
		Audited	Audited
Other comprehensive income	Notes	2020	2019
Profit for the year from continuing operations		367.598	302.849
Items that are or may be reclassified to profit or loss			
Foreign currency translation differences for foreign operations and reporting currency translation differences		(112.309)	(62.307)
Change in fair value of available-for-sale financial assets	9	12.090	49.657
Deferred tax benefit/(expense)	28	(2.660)	(10.925)
Total		(102.879)	(23.575)
Items that are or will not be reclassified to profit or loss			
Actuarial gains/loses	26	(1.350)	(1.988)
Deferred tax income / (expense)		297	437
Total		(1.053)	(1.551)
Total other comprehensive income/(loss)		(103.932)	(25.126)
Total comprehensive income		263.666	277.723
Net profit attributable to:			
Equity holders of the parent		359.209	293.470
Non-controlling interests		8.389	9.379
Net profit for the year		367.598	302.849
Total comprehensive income attributable to:			
Equity holders of the parent		248.940	258.325
Non-controlling interests		14.726	19.398
Total other comprehensive income		263.666	277.723

The accompanying notes form an integral part of these consolidated financial statements.

Çalık Holding Anonim Şirketi and its Subsidiaries Consolidated Statement of Changes in Equity For the Year Ended 31 December 2020 (Amounts expressed in thousands of USD unless otherwise stated.)

				Accumulated offici						
				comprehensive						
				income/(expense) that	Accumulated other comprehensive	mprehensive				
			Restricted	will not be reclassified to	income/(expense) that may be	nat may be	Retained carnings/	nings/		
			reserves	Accumulated re-	Fair value reserve	III OF 1088	(accumulated	Profit /	Profit / Fauity attributable	
	Paid-in	Paid-in Adjustment to	Legal	measurements loss of	of financial assets Translation	Translation	Retained	(loss) for	to the owners of	Š
	capital	share capital	reserves	defined benefit plans	available-for-sale	reserve	earnings	the year	the Company	
Balances at 1 January 2019	210.761	3.388	537.963		20.087	(214.308)	715.812	(5.728)	1.267.975	
Profit for the period	:	:	1			:	:	293.470	293.470	
Other comprehensive income										
Net fair value change in financial assets available-for-sale	1	;	1	;	38.732	:	1	1	38.732	
Actuarial gains/loses	1	:	1	(1.551)	-	;	:	1	(1.551)	
Foreign currency translation differences for foreign operations										
and reporting currency translation differences	1	:	1	-		(72.326)	:	1	(72.326)	
Total other comprehensive income				(1.551)	38.732	(72.326)			(35.145)	
Total comprehensive income/(loss) for the period		-	-	(1.551)	38.732	(72.326)		293.470	258.325	
Change in non-controlling interest in consolidated subsidiaries without										
change in control	1	1	1.855	•		;	(1.202)	;	653	
Acquisition of control power in enterprises subject to common control	1	1	281	1		;	1.968	;	2.249	
Decrease due to other changes	1	:	1	1		:	(1.746)	1	(1.746)	
Contribution to capital increase resulting to set power of control in a										

Cahk Holding Anonim Şirketi and its Subsidiaries Consolidated Statement of Changes in Equity For the Year Ended 31 December 2020 (Amounts expressed in thousands of USD unless otherwise stated.)

					Attributable	Attributable to owners of the Company	Company				
			Restricted reserves	Accumulated other comprehensive income/(expense) that will not be reclassified to profit or loss	Accumulated other comprehensive income/(expense) that may be reclassified to profit or loss	mprehensive at may be fit or loss	Retained earnings/ (accumulated losses)	nings/ losses)			
	Paid-in	Paid-in Adjustment to	Legal	Accumulated re- measurements loss of defined benefit plans	Fair value reserve of financial assets Translation available-for-sale reserve	Translation	Retained	Profit / (loss) for the year	Equity attributable to the owners of the Company	Non-controlling interests	Total
Balances at 1 January 2020	_	3.388	611.516	(1.551)		(286.634)	638.147	293.470	1.527.916	107.409	1.635.325
Profit for the period	:	:	1			;	:	359.209	359.209	8.389	367.598
Other comprehensive income											
Net fair value change in financial assets available-for-sale	;	:	1	•	. 9.430	:	:	;	9.430		9.430
Actuarial gains/loses	:	:	1	(1.053)	-	:	:	;	(1.053)		(1.053)
Foreign currency translation differences for foreign operations						9			. 4		
and reporting currency translation differences	:	:	:		:	(118.646)	:	:	(118.646)	6.337	(112.309)
Total other comprehensive income	-	-	-	(1.053)	9.430	(118.646)		-	(110.269)	6.337	(103.932)
Total comprehensive income/(loss) for the period				(1.053)	9.430	(118.646)		359.209	248.940	14.726	263.666
Change in non-controlling interest in consolidated subsidiaries without											
change in control	;	1	(1.490)	•	:	:	901	:	(589)	2.553	1.964
Dividends paid	;	:	1	•	:	:	:	;	•	(6.210)	(6.210)
Decrease due to other changes	;	;	1	•		:	(1.318)	;	(1.318)		(1.318)
Transfers	:	-	89.177	-	:	-	204.293	(293.470)		-	:
Total transactions with owners	1	-	87.687			:	203.876	(293.470)	(1.907)	(3.657)	(5.564)
Balances at 31 December 2020	210.761	3.388	699.203	(2.604)	68.249	(405.280)	842.023	359.209	1.774.949	118.478	1.893.427

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

		Current period	Previous period
		Audited	Audited
	Notes	2020	2019
A. CASH FLOWS (USED IN) / FROM OPERATING ACTIVITIES		677.752	916.523
Profit for the period		367.597	302.849
Adjustments to reconcile cash flow generated from operating activities:		69.180	19.860
Adjustments for depreciation and amortisation	17,18,19	75.052	80.293
(Gain)/loss on sale of derivative financial instruments	33	327	(27.474)
Adjustments for fair value (gains) / loss of		(94.593)	(52.227)
financial investments		(94.393)	(32.221)
Adjustments for provision for doubtful receivables	11	9.196	4.493
Adjustments for dividend (income) expense		(31.970)	
Adjustments for fair value (gain) / loss of investment property	20	31.351	(14.428)
Adjustments for inventory impairment, net	14	1.709	702
Adjustments for provision for employee benefits	26	7.393	6.696
Adjustments for provisions (cancellation) reserved for possible risks	12	45.334	41.783
Adjustment for non-cash items			9
Adjustments for other provisions, net	26	4.827	1.418
Adjustments for provision for litigation	26	2.971	4.780
Adjustments for share of (profit)/ loss of equity accounted investees	16	(32.347)	(43.342)
Adjustments for interest income and expenses		(69.188)	(46.340)
Adjustment for fair value (gain) / loss of other items	10	5.184	(10.457)
Rediscount interest (gain) / losses, net		920	1.555
Unrealized foreign currency (income) / loss		58.507	62.315
Adjustments for tax expense	28	58.183	39.459
Adjustment for business acquisition		(4.435)	(29.684)
Adjustments for the gains and losses on sales of property, plant and		,	` '
equipment, net	33	759	309
Changes in working capital		127.534	451.632
Adjustments for change in inventories		(1.077)	20.787
Adjustments for change in trade receivables		(15.892)	114.622
Adjustments for change in payables related to employee benefits		(1.652)	(1.106)
Adjustments for change in other receivables, other current		,	, ,
assets and other non-current assets related with operating activities		(76.059)	40.145
Change in financial assets related to concession agreements		(37.588)	80.367
Changes in contract assets and liabilities		(9.163)	15.667
Adjustments for change in assets held for sale		(5.071)	5.819
Adjustments for change in liabilities held for sale		3.544	1.742
Adjustments for change in receivables from finance sector operations		(537.028)	(10.873)
Adjustments for change in payables from finance sector operations		866.507	328.109
Change in restricted cash and cash equivalents		55.989	(44.180)
Adjustments for change in trade payables		9.755	(184.493)
Adjustments for change in prepayments		(121.835)	58.210
Adjustments for change in deferred income		48.602	(23.430)
Adjustments for change in other payables and		10.002	(23.430)
other liabilities related with operating activities		(51.498)	50.246

The accompanying notes form an integral part of these consolidated financial statements.

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

		Current period	Previous period
	Notes	2020	2019
Cash flows from operating activities		113.441	142.182
Employee termination indemnity paid	26	(2.056)	(2.402)
Other inflows (outflows) of cash	12	9.146	26.522
Interest received including finance sector activities		372.806	411.364
Interest paid for finance sector activities		(198.401)	(231.745)
Collection from doubtful receivables	11	1.338	2.259
Taxes paid	28	(69.392)	(63.816)
B. CASH FLOWS USED IN INVESTING ACTIVITIES		(804.936)	(407.438)
Proceeds from sales of property and equipment and intangible assets		30.742	39.137
Cash inflows from sales of measured/held-to-maturity			
financial assets investments at amortised costs	9	23.357	129.343
Formation and capital contribution of			
share capital of equity accounted investees	16	(3.458)	(3.717)
Cash inflows from dividends and other financial instruments		35.186	
Proceeds from formation and capital increase of subsidiaries without			
change in control			3.055
Acquisition of subsidiary			460
Proceeds from / (repayment of) derivative financial instruments		7.974	31.018
Other cash paids			(1.746)
Change in non-controlling interest in subsidiaries without change in		1.064	70.6
control	20	1.964	706
Acquisition of investment property Proceeds from available for sale financial investments / financial assets	20	(1.961)	(4.163)
	0	722 170	522 004
at FVTOCI Acquisition of held to maturity financial investments / financial assets at	9	723.170	522.984
amortised costs	9	(104.026)	(11 100)
Acquisition of available for sale financial investments / financial assets	9	(104.036)	(44.488)
at FVTOCI	9	(1.438.764)	(942.389)
Acquisition of property, plant and equipment	17	(61.050)	(103.150)
Acquisition of intangible assets	18	(18.060)	(34.488)
C. CASH FLOWS FROM FINANCING ACTIVITIES	10	(673.517)	397.058
Proceeds from/ (payments of) the funding of related parties		(4.021)	(124.278)
Dividend payment		(6.210)	(10.530)
Proceeds from / (repayment of) loans and borrowings, net		(558.069)	665.144
Interest paid		(105.217)	(133.278)
NET (DECREASE) / INCREASE IN CASH AND CASH		(103.217)	(133.270)
EQUIVALENTS (A+B+C)		(800.701)	906.143
D. CASH AND CASH EQUIVALENTS		(2.2.2)	,
AT THE BEGINING OF THE PERIOD		1.645.679	739.536
CASH AND CASH EQUIVALENTS			
AT THE END OF THE PERIOD (A+B+C+D)	8	844.978	1.645.679

The accompanying notes form an integral part of these consolidated financial statements.

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Çalık Holding Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2020

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.).

Notes to Consolidated Financial Statements

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Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

1 Reporting entity

Çalık Holding Anonim Şirketi ("Çalık Holding" or "the Company") was established in 1997 and the Company's main operations are to manage and coordinate the activities of its subsidiaries operating in different industries, including textile, energy, telecommunication, construction, real estate, investment, marketing, banking and finance, and to make investments in these industries.

Çalık Holding was established at its registered office address, Büyükdere Caddesi No:163 Zincirlikuyu İstanbul/Türkiye, on 20 March 1997.

As at 31 December 2020, Çalık Holding has 110 (31 December 2019: 133) subsidiaries ("the Subsidiaries"), 9 (31 December 2019: 11) joint ventures ("the Joint Ventures"), and 19 (31 December 2019: 16) associates ("the Associates") (referred to as "the Group" or "Çalık Group" herein and after). The consolidated financial statements of the Group as of and for the year ended 31 December, comprises Çalık Holding and its subsidiaries and the Group's interest in associates and joint ventures and operations.

As at 31 December 2020, the number of employees of the Group is 9.270 (31 December 2019: 9.564). The fully consolidated companies have been included in the number of employees.

As explained in more detail in Note 6, the Group operates mainly under six segments:

- Energy
- Construction
- Textile
- Marketing
- Telecommunication
- Banking and finance

As 31 December 2020, ownership interests of the Group's Subsidiaries, Joint Ventures and Associates are as follows:

Company Name	Type of partnership	Country	Sector
CE SOLAIRE 1 SAS	Subsidiary	D.Congo	Energy
CE SOLAIRE 2 SAS	Subsidiary	D.Congo	Energy
Çalık-Biskon Adi Ortaklığı	Joint venture	Turkey	Energy
Denge-Çalık NTF Adi Ortaklığı	Joint venture	Turkey	Energy
HMC Digital	Joint venture	Turkey	Other
Lidya Aurasia	Subsidiary	Uzbekistan	Other

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Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

1 Reporting entity (continued)

1.1 Entities in energy segment

Company Name	Type of	Country
	partnership	
Adacami Enerji Elektrik Üretim Sanayi ve Ticaret Anonim Şirketi	Subsidiary	Turkey
Akılcı Bilişim Hizmetleri ve Danışmanlık Anonim Şirketi (*)	Subsidiary	Turkey
Ant Enerji Sanayi ve Ticaret Limited Şirketi	Subsidiary	Turkey
Atayurt İnşaat Anonim Şirketi	Subsidiary	Turkey
CE SOLAIRE 1 SAS (**)	Subsidiary	D.Congo
CE SOLAIRE 2 SAS (**)	Subsidiary	D.Congo
Çalık-Biskon Adi Ortaklığı ^{(*) (**)}	Joint venture	Turkey
Çalık Elektrik Dağıtım Anonim Şirketi	Subsidiary	Turkey
Çalık Enerji Dubai FZE	Subsidiary	UAE-Dubai
Çalık Enerji Sanayi ve Ticaret Anonim Şirketi	Subsidiary	Turkey
Çalık Enerji Swiss AG	Subsidiary	Switzerland
Çalık Georgia LLC (*)	Subsidiary	Georgia
Çalık Limak Adi Ortaklığı	Joint venture	Turkey
Çalık Rüzgar Enerjisi Elektrik Üretim Limited Şirketi	Subsidiary	Turkey
ÇL Enerji Üretim ve İnşaat A.Ş. (*)	Subsidiary	Turkey
Demircili Rüzgar Enerjisi Elektrik Üretim Anonim Şirketi	Subsidiary	Turkey
Denge-Çalık NTF Adi Ortaklığı (*) (**)	Joint venture	Turkey
Doğu Aras Enerji Yatırımları Anonim Şirketi	Joint venture	Turkey
JSC Calik Georgia Wind	Subsidiary	Georgia
Kızılırmak Enerji Elektrik Anonim Şirketi	Subsidiary	Turkey
Kosova Çalık Limak Energy Sh.A.	Joint venture	Kosovo
LC Electricity Supply and Trading d.o.o.	Joint venture	Serbia
Momentum Enerji Elektrik Üretim Sanayi ve Ticaret Anonim Şirketi	Subsidiary	Turkey
Onyx Trading Innovation FZE	Subsidiary	UAE-Dubai
Saudi Jalik Energy Company (*)	Subsidiary	Saudi Arabia
Taşkent Merkez Park Gayrimenkul Yatırım A.Ş	Subsidiary	Turkey
TCB İnşaat Yatırım Anonim Şirketi	Subsidiary	Turkey
Technological Energy N.V.	Subsidiary	Netherlands
Technovision Mühendislik Danışmanlık ve Dış Ticaret Limited Şirketi	Subsidiary	Turkey
Türkmen'in Altın Asrı Elektrik Enerjisi Toptan Satış Anonim Şirketi	Subsidiary	Turkey
UZTUR Investment and Development	Subsidiary	Uzbekistan
Workindo Teknoloji ve İnsan Kaynakları Danışmanlık A.Ş. (*)	Subsidiary	Turkey
Yeşilçay Enerji Elektrik Üretim Sanayi ve Ticaret Anonim Şirketi	Subsidiary	Turkey
Yeşilırmak Elektrik Dağıtım Anonim Şirketi	Subsidiary	Turkey
Yeşilırmak Elektrik Perakende Satış Anonim Şirketi	Subsidiary	Turkey

^(*) Akılcı Bilişim Hizmetleri ve Danışmanlık A.Ş., Çalık Georgia LLC, ÇL Enerji Üretim ve İnşaat A.Ş., Saudi Jalik Energy Company, Çalık-Biskon Adi Ortaklığı, Denge-Çalık NTF Adi Ortaklığı and Workindo Teknoloji ve İnsan Kaynakları Danışmalık A.Ş., subsidiaries/joint ventures of the Group, are in start up phase or non operating and are not consolidated due to the insignificance of their financial impact on the consolidated financial statements as at and for the period ended 31 December 2020..

^(**) The company was established in 2020

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

1 Reporting entity (continued)

1.1 Entities in energy segment (continued)

Adacami Enerji

Adacami Enerji was established in December 2009, for the purpose of renting and operating electricity facility and selling electricity.

Akılcı Bilişim

Akılcı Bilişim, was established on 2 May 2017 in Istanbul. As of the reporting date, the company is non-operating.

Ant Enerji

Ant Enerji was established in 2006, in Istanbul for the purpose of marketing, selling and distribution of energy.

Atayurt İnşaat

Atayurt İnşaat was established in 2009 for the purpose of building and operating energy power plants and providing operational and maintenance services to power plants. Atayurt İnşaat has opened a branch in Tripoli, Libya in 2014.

CE Solaire 1 SAS ("CE Solaire 1")

CE Solaire 1 was established in the Democratic Republic of Congo in 2020 for electrical power plant construction and operation, electricity generation, electricity sales and marketing.

CE Solaire 2 SAS ("CE Solaire 1")

CE Solaire 2 was established in the Democratic Republic of Congo in 2020 for electrical power plant construction and operation, electricity generation, electricity sales and marketing.

Calık-Biskon Adi Ortaklığı ("Calık-Biskon")

Çalık-Biskon Adi Ortaklığı was established on January 23, 2020 for the purpose of providing goods and supplies. Çalık-Biskon belongs to Çalık Enerji ve Biskon Yapı A.Ş. companies. As of the reporting date, the company is non-operating.

CEDAŞ

ÇEDAŞ was established in 2010 according to legislations of Energy Market Regulatory Authority ("EMRA") to distribute and sale of electricity and to invest in companies operating in these businesses.

Çalık Enerji Dubai FZE ("Çalık Enerji Dubai")

Çalık Enerji Dubai was incorporated in Jebel Ali Free Zone, Dubai and has a branch in Turkmenistan.

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi ("Çalık Enerji")

Çalık Enerji was established in 1998 to conduct the Group's activities in the energy sector and to engage in the operation, exploration and production of natural gas and petroleum resources, shipment and selling of these resources to the international areas. Çalık Enerji has five branches namely Çalık Enerji Turkmenistan, Çalık Enerji Georgia, Çalık Enerji Libya, Çalık Enerji Uzbekistan and Çalık Enerji Iraq.

Calik Enerji Swiss AG ("Calık Swiss")

Calik Swiss was established on in 2017 in Switzerland for the purpose of the acquisition management and use of concessions of other rights as well as construction and maintenance of power plants and to provide services in the development of other group companies operating in the energy sector, especially in the electricity sector and in funding sources.

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Calik Holding Anonim Sirketi and its Subsidiaries

Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

1 Reporting entity (continued)

1.1 Entities in energy segment (continued)

Calık Georgia LLC ("Calık Georgia")

Çalık Georgia was established in 2015 in Tbilisi for the purpose of engineering, procurement, constructing ("EPC") of the hydroelectric power plant and trading the electricity produced in Georgia. As of reporting date, Çalık Georgia is non-operating.

Çalık Limak Adi Ortaklığı

Çalık Limak Adi Ortaklığı was established in 2013 as a joint venture of ÇEDAŞ and Limak Yatırım Enerji Üretim İşletme Hizmetleri ve İnşaat Anonim Şirketi ("Limak Yatırım"), in Istanbul for the purpose of supplying all kind of technical equipments to Kosovo Electricity Distribution and Supply Company ISC fully owned by Kosovo Calık Limak Energy which is also a joint venture of Calık Enerji and Limak Yatırım.

Çalık Rüzgar Enerjisi Elektrik Üretim Limited Şirketi ("Çalık Rüzgar")

Çalık Rüzgar was established in 1994 for the purpose of building and operating of electricity power plants, production, selling and marketing of electricity.

ÇL Enerji Üretim ve İnşaat A.Ş. ("ÇL Enerji")

ÇL Enerji was established by Çalık Enerji and Limak İnşaat on 03.10.2019 for the purpose of engaging in energy and contracting activities. As of the reporting date, the company is non-operating.

Demircili Rüzgar

Demircili Rüzgar was established in 2017 in Istanbul, for the purpose of establishing electric production facility, operating, renting it and producing electric energy and or selling it to customers.

Denge-Calık NTF Adi Ortaklığı ("Denge-Calık")

Denge Çalık NTF Adi Ortaklığı was established on January 23, 2020 for the purpose of providing goods and supplies. Denge Çalık NTF belongs to Çalık Enerji ve Denge Reklam San. Ve Tic. Ltd companies. As of reporting date, Denge-Çalık is non-operating.

Doğu Aras Enerji Yatırımları Anonim Şirketi ("Doğu Aras")

Doğu Aras was founded in accordance with the energy market regulations as a joint venture with a joint agreement between ÇED and Kiler Alışveriş Hizmetleri Gıda Sanayi Ticaret Anonim Şirketi ("Kiler Alışveriş") on 5 May 2013 with the participation of these two companies by 50 percent and 50 percent , respectively, for the purpose of establishing and participating to the companies that are engaged in distribution, retail and wholesale of electricity energy and/or capacity, assigning management of these established and participated companies, providing consultancy services on technical, financial, information processing and human resources management issues and making industrial and commercial investments through this companies.

On 28 June 2013, Doğu Aras purchased all shares of Aras Elektrik Dağıtım Anonim Şirketi ("EDAŞ") and Aras Elektrik Perakende Satış Anonim Şirketi ("EPAŞ"), which were previously state owned companies operating in electricity distribution and procurement in cities Kars, Ardahan, Iğdır, Ercincan, Ağrı, Bayburt and Erzurum, within the privatisation.

JSC Calik Georgia Wind ("JSC Georgia")

JSC Georgia was established in 2015 in Tbilisi for the purpose of developing energy infrastructure and sponsoring of development of solar and wind power plant projects through finance, construction and long term operating of power plants.

Calik Holding Anonim Sirketi and its Subsidiaries

Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

1 Reporting entity (continued)

1.1 Entities in energy segment (continued)

Kızılırmak Enerji Elektrik Anonim Sirketi ("Kızılırmak")

Kızılırmak was established in 2005 in Istanbul for the purpose of importing, exporting, distributing and operating all kinds of natural gas, crude oil and derivatives of these products.

Kosova Çalık Limak Energy Sh.A. ("KÇLE")

KÇLE was established as a joint venture with a joint agreement between Çalık Enerji, ÇEDAŞ and Limak Yatırım on 17 September 2012 with the participation these three companies by 25 percent, 25 percent and 50 percent, respectively, in the share capital of KÇLE.

In 2015, shares of KÇLE representing 25 percent of all shares, held by ÇEDAŞ have been transferred to Çalık Enerji. On May 8, 2013, KÇLE purchased all shares of state-owned enterprise namely Kompania Per Distribuim Dhe Fumizim Me Energji Elektrike SH.A ("KEDS") which is operating in electricity distribution and procurement of electricity in Kosovo.

LC Electricity Supply and Trading d.o.o ("LC Electricity")

LC Electricity was founded in Serbia in 2014 as a joint venture with a joint agreement between Türkmen Elektrik and Limak Yatırım with the participation of these two companies equally by 50 percent. The purpose of LC Electricity is trading electricity and sales/purchases of goods and services as part of this operation.

Momentum Enerji Elektrik Üretim Sanayi ve Ticaret Anonim Şirketi ("Momentum Enerji")

Momentum Enerji was established in 2008 for the purpose of building and operating of electricity power plant, producing, selling and marketing of electricity.

Onyx Trading Innovation FZE("Onyx")

Onyx Trading was established in Dubai in 2016.

Saudi Jalik Energy Company ("Saudi Jalik")

Saudi Jalik Energy Company was established in 2019 to operate building and construction projects. As of the reporting date, the Company is non-operating.

Taşkent Merkez Park

Taşkent Merkez Park was established in 2018 and its main activity is the construction of residential buildings.

TCB İnsaat Yatırım Anonim Sirketi ("TCB İnsaat")

TCB İnşaat Yatırım Anonim Şirketi was established in 2014 and its main activity is to do construction, contracting and decoration works in domestic and abroad.

Technological Energy N.V. ("Technological Energy")

Technological Energy was established in The Netherlands in 2016.

Technovision Mühendislik Danışmanlık ve Dış Ticaret Limited Şirketi

Technovision was established in 1994, in Ankara to provide machinery and civil engineering and consulting services. 90 percent of the Technovision's shares were acquired by Çalık Enerji in 2015 for the purpose of providing engineering and consultancy services to entities.

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Calık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

1 Reporting entity (continued)

1.1 Entities in energy segment (continued)

Türkmen'in Altın Asrı Elektrik Enerjisi Toptan Satış Anonim Şirketi ("Türkmen Elektrik")

Türkmen Elektrik was established in 2000, in Istanbul for the purpose of distributing and selling electricity.

UZTUR Investment and Development ("Uztur")

Uztur was established in Uzbekistan on 11.10.2019 for the purpose of carrying out real estate activities.

Workindo Teknoloji ve İnsan Kaynakları Danışmalık A.Ş. ("Workindo Teknoloji")

Workindo was established in 2019 in turkey for the purpose of the showing business activity in human resources, domestically and internationally to give workers supply employment services and carry out these services. As of the reporting date, the company is non-operating.

Yeşilçay Enerji Elektrik Üretim Sanayi ve Ticaret Anonim Şirketi ("Yeşilçay Enerji")

Yeşilçay Enerji was established in 2008 for the purpose of building and operating of electricity power plant, producing, selling and marketing of electricity. Yeşilçay Enerji also engages in exploration and production of mineral ore.

YEDAŞ

YEDAŞ was taken over by the Group in 2010 for 30 years with the scope of privatisation in order to distribute electricity energy in Samsun, Ordu, Amasya, Çorum and Sinop.

In accordance with the 3rd clause of 4628 numbered Energy Markets Code, electricity distribution companies must separate its distribution and retail operations from each other until 1 January 2013. In this regard, YEDAŞ that carried out the electricity distribution and retail sales operations in Samsun, Ordu, Amasya, Çorum and Sinop regions, unbundled its distribution and retail sales operations on 31 December 2012 and YEPAŞ started its operations on 1 January 2013.

YEPAŞ

In accordance with the 3rd clause of 4628 numbered Energy Markets Code, electricity distribution companies must separate its distribution and retail operations from each other until 1 January 2013. In this regard, YEDAŞ which was engaged in distribution and retail sale of electricity in Samsun, Ordu, Çorum, Amasya and Sinop regions, unbundled its distribution and retail operations on 31 December 2012. YEPAŞ was founded for retail sales of electricity and electricity related products by partial demerger of YEDAŞ as of 1 January 2013.

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

1 Reporting entity (continued)

1.2 Entities in construction segment

	Type of	
Company name	partnership	Country
Çalık İnşaat Anonim Şirketi ("Çalık İnşaat")	Subsidiary	Turkey
Gap Construction Co.	Subsidiary	Libya
Gap Construction Investment and Foreign Trade LLC-Qatar ("Gap İnşaat Katar")	Subsidiary	Qatar
Gap İnşaat Construction and Investment Co. Ltd. ("Gap İnşaat Sudan")	Subsidiary	Sudan
Gap İnşaat Dubai FZE	Subsidiary	UAE
Gap İnşaat Ukraine Ltd. ("Gap Inşaat Ukrayna")	Subsidiary	Ukraine
Gap İnşaat Yatırım ve Dış Ticaret Anonim Lirketi ("Gap İnşaat")	Subsidiary	Turkey
Innovative Construction Technologies Trading FZE ("Innovative Construction")	Subsidiary	UAE
Kentsel Dönüşüm İnşaat Anonim Şirketi	Subsidiary	Turkey
White Construction N.V.	Subsidiary	The Netherlands

Gap İnşaat

Gap İnşaat was established in 1996 in Istanbul, Turkey in order to provide construction, contracting and decoration businesses both within Turkey and abroad. Gap İnşaat also operates in mining of all kinds of minerals, marble, lime, clay, coal and stone quarries and trading of stone cutter, spare parts and glazed ceramic tiles both within the country and abroad provided that the necessary permits are granted. Gap İnşaat has two branches in Turkmenistan and Qatar which are established to conduct several construction projects.

Gap İnşaat Sudan, Gap Libya, Kentsel Dönüşüm, Çalık İnşaat, Gap İnşaat Katar, Gap İnşaat Dubai FZE, Gap İnşaat Ukrayna, White Construction and Innovative Construction.

Subsidiaries of Gap İnşaat namely, Kentsel Dönüşüm, Gap Libya, Çalık İnşaat, Gap Inşaat Cons , Gap Qatar, Gap İnşaat Dubai FZE, Gap İnşaat Ukraine, White Construction and Innovative Construction were established for the purpose of engaging in construction projects in the countries where they operate.

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Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

1 Reporting entity (continued)

1.3 Entities in textile segment

Company names	Type of partnership	Country
Balkan Dokuma TGPJ ("Balkan Dokuma")	Associate	Turkmenistan
Calik Denim B.V. ("Calik Denim")	Subsidiary	The Netherlands
Çalık Alexandria For Readymade Garments ("Çalık Alexandria")	Subsidiary	Egypt
Çalık Denim Tekstil Sanayi ve Ticaret Anonim Şirketi ("Çalık Denim")	Subsidiary	Turkey
Gap Türkmen-Türkmenbaşı Jeans Kompleksi ("TJK")	Associate	Turkmenistan
Malatya Boya ve Emprime Anonim Şirketi ("Malatya Boya")	Subsidiary	Turkey
Serdar Pamuk Egrigi Fabrigi ÇJB ("Serdar Pamuk")	Associate	Turkmenistan
Türkmenbaşı Tekstil Kompleksi ("TTK")	Associate	Turkmenistan

Balkan Dokuma

Balkan Dokuma was established in 2000 in Turkmenistan for the purpose of manufacturing and marketing yarn.

Calik Denim

Calik Denim was established in 2017 in the Netherlands for the purpose of trading and marketing textile products and provide services in the development of other group companies operating in the textile sector.

Calık Alexandria

Çalık Alexandria was established in 2006 in Egypt for the purpose of engaging in the business of manufacturing and marketing ready wear, yarn and textures.

Calık Denim

Çalık Denim, formerly known as Gap Güneydoğu Tekstil Sanayi ve Ticaret Anonim Şirketi, was established in 1987, in Turkey and conducts its production operation in Malatya Industrial Area. Çalık Denim has a branch, namely Gap Güneydoğu Mersin Free Zone that is engaged in the importing and exporting of textile products.

TJK

TJK was established as a joint venture of Çalık Denim and the Ministry of Textiles Industry of Turkmenistan in 1995 within the frame of Turkmenistan regulations for the purpose of yarn and denim fabric production and marketing. TJK has a denim fabric and jean factory and makes domestic and foreign sales to USA and European countries.

Malatya Boya

Malatya Boya Emprime Factory was established in 1997 in Malatya, Turkey. The Company maintains fabric dyeing process since 2007. The company is acquired by Çalık Denim on 31 August 2017 which is a subsidiary of Çalık Group.

Serdar Pamuk and TTK

Serdar Pamuk and TTK were established in Turkmenistan for the purpose of producing denim fabric in textile industry.

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

1 Reporting entity (continued)

1.4 Entities in marketing segment

Company name	Type of partnership	Country
Gap Pazarlama Anonim Şirketi	Subsidiary	Turkey
Gap Pazarlama FZE Jebel Ali Free Zone	Subsidiary	UAE
Gappa Textile Inc. (*)	Subsidiary	USA
Synchron Global Trading FZE	Subsidiary	UAE
Tura Moda Mağazacılık ve Elektronik Tic. A.Ş.	Subsidiary	Turkey

^(*) As of the reporting date, the company is non-operating.

Gap Pazarlama

Gap Pazarlama was established in 1994 in order to supply goods used in the production and the domestic or foreign projects carried out mainly by the Group and other non-group companies. Gap Pazarlama has a branch in Mersin Free Zone, which is engaged in the importation and exportation of textile products.

Gap Pazarlama FZE

Gap Pazarlama FZE was established in 2004 in United Arab Emirates ("UAE") for the purpose of importing and exporting of trading goods.

Gappa

Gappa Textile Inc. was established to operate in the international markets for selling of the home textiles and ready-to-wear garments. As of the reporting date, the company is non-operating.

Synchron

Synchron Global was established in 2017 in UAE for the purpose of importing and exporting of trading goods.

Tura Moda

On 2 January 2018, all shares of Tura Moda (named "Tura Madencilik Anonim Şirketi" before) belonging Çalık Holding were transferred to Gap Pazarlama at nominal values. The name of the company has been changed to "Tura Moda" on 4 May 2018.

1.5 Entities in telecommunication segment

Company name	Type of partnership	Country
Albtelecom Sh.a. ("Albtelecom")	Subsidiary	Albania
Cetel Telekom İletişim Sanayi ve Ticaret Anonim Şirketi. ("Cetel Telekom")	Subsidiary	Turkey

Albtelecom

Albtelecom was established in 1992 with a company name Albtelecom Telekomi Shqiptar and transformed into a joint-stock company on 23 February 1999. Until 28 September 2007, Government of Albania as represented by the Ministry of Economy, Trade and Energy was the sole shareholder of the company. As of 28 September 2007, CT Telecom Sh.a, a former subsidiary of Cetel Telekom acquired 76 percent of the Albtelecom's share capital. Albtelecom is the unique national operator providing wired telephone service in Albania. In 2013, CT Telecom Sh.a merged with Albtelecom under Albtelecom.

Albtelecom merged with its subsidiary Eagle Mobile Sh.a, which provides local, mobile and terrestrial communication services in Albania, on 1 February 2013.

Cetel Telekom

Cetel Telekom was established in 2007 in Istanbul. The principal activities are telecommunication, multimedia, internet and data transportation.

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Calık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

1 Reporting entity (continued)

1.6 Entities in banking and finance segment

Company name	Type of	Country
Сотрану паше	partnership	Country
Aktif Yatırım Bankası Anonim Şirketi ("Aktifbank")	Subsidiary	Turkey
Aktif Yatırım Bankası Sukuk Varlık Kiralama Anonim Şirketi	Associate	Turkey
Akuamarin Solar Enerji Üretim Anonim Şirketi	Subsidiary	Turkey
Albania Leasing Company ("Albania Leasing") (**)	Associate	Albania
Ametist Solar Enerji Üretim Anonim Şirketi	Subsidiary	Turkey
Attivo Bilişim Anonim Şirketi		
,	Subsidiary	Turkey
Aytaşı Solar Enerji Üretim Anonim Şirketi	Subsidiary	Turkey
Banka Kombëtare Tregtare Kosovë JSC	Subsidiary	Kosovo
Banka Kombetare Tregtare Sh.a	Subsidiary	Albania
Cydev Investment Ltd.	Associate	TRNC
Çalık Finansal Hizmetler Anonim Şirketi ("Çalık Finansal Hizmetler")	Subsidiary	Turkey
Çiğdem Solar Enerji Üretim Anonim Şirketi	Subsidiary	Turkey
Defne Solar Enerji Üretim Anonim Şirketi	Subsidiary	Turkey
Deniz Güneş Enerjisi Üretimi Anonim Şirketi	Subsidiary	Turkey
Dome Zero Inc	Associate	USA
Duru Güneş Enerjisi Üretimi Anonim Şirketi	Subsidiary	Turkey
E-Kent Geçiş Sistemleri ve Biletleme Teknolojileri Anonim Şirketi	Subsidiary	Turkey
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Eko Biokütle Enerji Uretim Anonim Şirketi	Subsidiary	Turkey
Emlak Girişim Danışmanlığı Anonim Şirketi	Subsidiary	Turkey
Emyap Development Limited	Associate	TRNC
E-post Elektronik Perakende Otomasyon Satış Ticaret Anonim Şirketi	Subsidiary	Turkey
Esen Güneş Enerjisi Üretim Anonim Şirketi	Subsidiary	Turkey
Euroasian Leasing Company ("ELC")	Associate	Tatarstan-Russia
Euro-Mediterranean Investment Company Limited ("Euro-Mediterranean")	Associate	TRNC
Gelincik Solar Enerji Üretim Anonim Şirketi.	Subsidiary	Turkey
Güneştaşı Solar Enerji Üretim Anonim Şirketi	Subsidiary	Turkey
Haliç Finansal Kiralama Anonim Şirketi ("Haliç Leasing")	Associate	Turkey
Halk Yenilenebilir Enerji Anonim Şirketi	Associate	Turkey
HMC Digital (*)	Joint venture	Turkey
Idea Farm Ventures Limited	Associate	UAE
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Inovaban Inovasyon ve Finansal Danışmanlık Anonim Şirketi	Subsidiary	Turkey
Ipek Güneş Enerjisi Uretim Anonim Şirketi	Subsidiary	Turkey
Kaplan Gözü Solar Enerji Üretim Anonim Şirketi	Subsidiary	Turkey
Kasımpatı Solar Enerji Üretim Anonim Şirketi	Subsidiary	Turkey
Kazakhistan Ijara Company KIC Leasing ("Kazakhistan Ijara")	Associate	Kazakhstan
Kıbrıs Besicilik ve Çiftçilik Teşebbüsleri Limited	Associate	TRNC
Kuvars Solar Enerji Üretim Anonim Şirketi	Subsidiary	Turkey
Lapis Solar Enerji Üretim Anonim Şirketi	Subsidiary	Turkey
Leylak Solar Enerji Üretim Anonim Şirketi	Subsidiary	Turkey
Lilyum Solar Enerji Üretim Anonim Şirketi	Subsidiary	Turkey
Martı Solar Enerji Üretim Anonim Şirketi	Subsidiary	Turkey
Mehtap Güneş Enerjisi Üretim Anonim Şirketi	Subsidiary	Turkey
Mercan Solar Enerji Üretim Anonim Şirketi	Subsidiary	Turkey
Mükafat Portföy Yönetimi Anonim Şirketi ("Mükafat Portföy")	Subsidiary	Turkey
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Nilüfer Solar Enerji Üretim Anonim Şirketi	Subsidiary	Turkey
N-Kolay Ödeme Kuruluşu Anonim Şirketi	Subsidiary	Turkey
Oniki Teknoloji A.Ş. (**)	Subsidiary	Turkey
Oniks Solar Enerji Üretim Anonim Şirketi	Subsidiary	Turkey
Opal Solar Enerji Uretim Anonim Şirketi	Subsidiary	Turkey
Passo Spor Oyunları Kulübü Yazılım ve Pazarlama A.Ş.	Subsidiary	Turkey
Pavo Teknik Servis Elektrik ve Elektronik Sanayi ve Ticaret Anonim Şirketi	Subsidiary	Turkey
Secom Aktif Elektronik Güvenlik Çözümleri A.Ş.	Associate	Turkey
Secom Aktif Güvenlik Yatırım Anonim Şirketi	Associate	Turkey
Seher Güneş Enerjisi Üretim Anonim Şirketi	Subsidiary	Turkey
Sigortayeri Sigorta ve Reasürans Brokerlığı Anonim Şirketi ("Sigortayeri")	Subsidiary	Turkey
Silent Valley Partnership	Associate	TRNC
Tanyeri Güneş Enerjisi Üretim Anonim Şirketi	Subsidiary	Turkey
Turkuvaz Solar Enerji Üretim Anonim Şirketi	Subsidiary	Turkey
Ufuk Güneş Enerjisi Uretim Anonim Şirketi	Subsidiary	Turkey
UPT Lithuania UAB (**)	Subsidiary	Lithuania
UPT Ödeme Hizmetleri Anonim Şirketi	Subsidiary	Turkey
Yakamoz Güneş Enerjisi Üretim Anonim Şirketi	Subsidiary	Turkey
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Type of

^(*) The company was established in 2020.

^(**) As of the reporting date, the Company is non-operating

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

1 Reporting entity (continued)

1.6 Entities in banking and finance segment (continued)

Aktifbank

Aktifbank was founded as an investment and development bank in 1999 for the purpose of providing all kind of transactions related with investment, project finance and marketable securities and also to provide all kinds of investment banking services. However, Aktifbank is not authorised to accept deposits.

Name of Aktifbank was changed to "Aktif Yatırım Bankası Anonim Şirketi" from "Çalık Yatırım Bankası Anonim Şirketi" on 1 August 2008.

Aktif Yatırım Bankası Sukuk Varlık Kiralama Anonim Şirketi ("Aktif VKŞ")

Aktif VKŞ was established in 2013 in Istanbul for the purpose of issuing rent certificate in accordance with the relevant regulations promulgated by Capital Market Board of Turkey.

Akuamarin Solar Enerji Üretim Anonim Şirketi ("Akuamarin")

Akuamarin was established in Istanbul in 2018 to provide solar power generation service. The power plant operates in Doğalar Village in Kütahya.

Albania Leasing

Main activity of Albania Leasing is financial leasing. As of the reporting date, Albania Leasing is non-operating.

Ametist Solar Enerji Üretim Anonim Şirketi ("Ametist Solar")

Ametist Solar was established in 2018 in Istanbul in order to provide solar energy production services. The power plant operates in Cifteler Village in Eskişehir.

Attivo Bilişim Anonim Şirketi ("Attivo")

Attivo, was established in in 2018 in Istanbul for the purpose of trading crypto-currencies.

Aytaşı Solar Enerji Üretim Anonim Şirketi ("Aytaşı")

Aytaşı, was established in 2018 in Istanbul in order to provide solar energy production services. The power plant operates in Doğalar Village in Kütahya.

BKT

BKT was founded in 1998 by obtaining banking license and engages in banking activities in Albania.

BKT Kosovo

BKT Kosovo was opened in 2007 as a branch of BKT in Pristina. As of January 1, 2019, it has been transformed into a separate subsidiary.

Cydev Investment Ltd. ("CYDEV Investment")

Cydev Investment was established in TRNC in 2016 and invests in the construction sector.

Çalık Finansal Hizmetler

Çalık Finansal Hizmetler was established in 2003 as Aktifbank's cooperation with Şekerbank T. Anonim Şirketi and Çalık Holding for their projects of investing in domestic and foreign banks. In 2008, Çalık Holding acquired shares held by Şekerbank T. Anonim Şirketi.

Çiğdem Solar Enerji Üretim Anonim Şirketi ("Çiğdem")

Çiğdem, was established in 2017 in Istanbul in order to provide solar energy production services. The power plant operates in Karaalan Village in Eskişehir.

Defne Solar Enerji Üretim Anonim Şirketi ("Defne")

Defne, was established in 2017 in Istanbul for the purpose of providing solar energy services. The power plant operates in Doğalar Village in Kütahya.

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Calık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

1 Reporting Entity (continued)

1.6 Entities in banking and finance segment (continued)

Deniz Güneş Enerjisi Üretimi Anonim Şirketi ("Deniz Güneş Enerjisi")

Deniz Güneş Enerjisi, was established in 2018 in Ankara for the purpose of providing solar energy services. The power plant operates in Çalkışla Village in Erzincan.

Dome Zero Inc ("Dome Zero")

Dome Zero was established in the United States on December 7, 2016 and operates in industrial production.

Duru Güneş Enerjisi Üretimi Anonim Şirketi ("Duru")

Duru, was established in 2018 in Ankara for the purpose of providing solar energy services. The power plant operates in Çalkışla Village in Erzincan.

E-Kent Geçiş Sistemleri ve Biletleme Teknolojileri Anonim Şirketi ("E-Kent")

E-Kent was established in 2002 and its main activity is modernisation of public transportation and suggesting new electronic solutions about electronic ticket and prosecution system. E-Kent merged with Asset Aktif Sportif ve Sanatsal Etkinlik Hizmetleri Ticaret Anonim Sirketi under E-Kent on 29 December 2017.

Eko Biokütle Enerji Üretim Anonim Şirketi ("Eko Biokütle")

Eko Biokütle, was established to operate in the field of bio energy in Istanbul in 2018. Feasibility and permit works are in progress for the establishment of the plant.

Emlak Girişim Danışmanlığı Anonim Şirketi ("Emlak Girişim")

Emlak Girişim engages in real estate projects, structures and systems, and in this regard makes active counseling and guidance.

Emvap Development Limited ("Emvap Development")

Emyap Development was established and operates in the construction sector in the TRNC in 2018.

E-Post Elektronik Perakende Otomasyon Satış ve Ticaret Anonim Şirketi ("E-Post")

E-Post was established in order to provide personalized postcard design services via internet in Istanbul in 2009.

Esen Güneş Enerjisi Üretim Anonim Şirketi ("Esen")

Esen, was established in 2018 in Ankara for the purpose of providing solar energy services. The power plant operates in Çalkışla Village in Erzincan.

Euroasian Leasing Company ("ELC")

Euroasian Leasing Company was established in Tatarstan-Russia to provide leasing solutions to the SME sector in accordance with the Islamic principles.

Euro-Mediterranean

Euro-Mediterranean was established in 2015 for the purpose of portfolio management in Northern Cyprus Turkish Republic.

Gelincik Solar Enerji Üretim Anonim Şirketi ("Gelincik")

Gelincik was established in order to provide solar power production service in Istanbul in 2017. The power plant operates in Karaalan Village in Eskişehir.

Günestası Solar Enerji Üretim Anonim Sirketi ("Günestası")

Güneştaşı was established in order to provide solar power production service in Istanbul in 2018. The power plant operates in Doğalar Village in Kütahya.

Calık Holding Anonim Sirketi and its Subsidiaries

Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

1 Reporting Entity (continued)

1.6 Entities in banking and finance segment (continued)

Haliç Leasing

Haliç Leasing was established in 2004, in Turkey for the purpose of operating in financial leasing sector. 32 percent of the Halic Leasing's shares were acquired by the Group on 11 October 2016.

Halk Yenilebilir Enerji Anonim Şirketi ("Halk Yenilenebilir")

The Company was established in 2017, in Ankara for the purpose of establishing and providing maintenance-repair services to power generation plants.

HMC Digital

HMC Digital is a joint venture signed between Kırmızı Elmas Enerji Ve Alt Yapı Yat. A.Ş. (Mitsubishi Corp.), Emlak Girişim and Hitachi Europe Ltd.. It was established in Istanbul on August 13, 2020 and operates in the field of biometric recognition and identity verification technologies, crypto signing and cyber security solutions.

Idea Farm Ventures Limited ("Idea Farm")

Idea Farm was founded in 2016 in the UAE and operates in investment activities.

İnovaban İnovasyon ve Finansal Danışmanlık Anonim Şirketi ("İnovaban İnovasyon")

Inovaban Inovasyon, was established in 2018 in Istanbul for the purpose of providing financial consulting and developing projects in R&D fields.

İpek Güneş Enerjisi Üretim Anonim Şirketi ("İpek")

İpek, was established in 2018 in Ankara for the purpose of providing solar energy services. The power plant operates in Çalkışla Village in Erzincan.

Kaplan Gözü Solar Enerji Üretim Anonim Sirketi ("Kaplan Gözü")

Kaplangözü was established in 2018 in Istanbul for the purpose of providing solar energy services. The power plant operates in Doğalar Village in Kütahya.

Kasımpatı Solar Enerji Üretim Anonim Şirketi ("Kasımpatı")

Kasımpatı was established in 2018 in Istanbul for the purpose of providing solar energy services. The power plant operates in Akkaynak Village in Ankara.

Kazakhistan Ijara

Kazakhistan Ijara Company KIC Leasing was established in 2013, in Kazakhstan for the purpose of operating in financial leasing sector.

Kıbrıs Besicilik ve Çiftçilik Teşebbüsleri Limited ("Kıbrıs Besicilik")

Kıbrıs Besicilik was established and operates in livestock and agriculture in TRNC in 2018.

Kuvars Solar Enerji Üretim Anonim Şirketi ("Kuvars")

Kuvars was established in 2018 in Istanbul for the purpose of providing solar energy services. The power plant operates in Değisören in Eskişehir.

Lapis Solar Enerji Üretim Anonim Şirketi ("Lapis")

Lapis was established in 2018 in Istanbul for the purpose of providing solar energy services. The power plant operates in Çifteler in Eskişehir.

Leylak Solar Enerji Üretim Anonim Şirketi ("Leylak")

Leylak, established in 2017 in Istanbul for the purpose of providing solar energy services. The power plant operates in Karaalan in Eskişehir.

Lilyum Solar Enerji Üretim Anonim Şirketi ("Lilyum")

Lilyum, established in 2017 in Istanbul for the purpose of providing solar energy services. The power plant operates in Karaalan in Eskişehir.

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Calık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

1 Reporting Entity (continued)

1.6 Entities in banking and finance segment (continued)

Martı Solar Enerji Üretim Anonim Şirketi ("Martı")

Martı, was established in 2018 in Istanbul for the purpose of providing solar energy services. The power plant operates in Akkaynak Village in Ankara.

Mehtap Güneş Enerjisi Üretim Anonim Şirketi ("Mehtap")

Mehtap, was established in 2018 in Ankara for the purpose of providing solar energy services. The power plant operates in Calkısla Village in Erzincan.

Mercan Solar Enerji Üretim Anonim Şirketi ("Mercan")

Mercan, was established in 2018 in Istanbul for the purpose of providing solar energy services. The power plant operates in Akkaynak Village in Ankara.

Mükafat Portföy

Mükafat Portföy is established to operate in the field of portfolio management in 2016.

Nilüfer Solar Enerji Üretim Anonim Şirketi ("Nilüfer")

Nilüfer, was established in 2018 in Istanbul for the purpose of providing solar energy services. The power plant operates in Akkaynak Village in Ankara.

N-Kolay Ödeme Sistemleri Anonim Şirketi ("N-Kolay")

N-Kolay was established in 2014 in Istanbul for the purpose of providing bill payment point service to its customers.

Oniki Teknoloji A.S. ("Oniki Teknoloji")

E-Post Dış Ticaret, was established in order to provide intermediary services in domestic and foreign trade in Istanbul in 2018. The Company's title was changed to "Oniki Teknoloji A.Ş." in 2019. As of the reporting date, the company is non-operating.

Oniks Solar Enerji Üretim Anonim Şirketi ("Oniks")

Oniks, established in 2018 in Istanbul for the purpose of providing solar energy services. The power plant operates in Çifteler in Eskişehir.

Opal Solar Enerji Üretim Anonim Şirketi ("Opal")

Opal, established in 2018 in Istanbul for the purpose of providing solar energy services. The power plant operates in Cifteler in Eskişehir.

Passo Spor Oyunları Kulübü Yazılım ve Pazarlama A.Ş. ("Passo Spor")

Passo Spor was established in 2019 within the body of E-Kent Geçiş Sistemleri ve Biletleme Teknolojileri Anonim Şirketi in order to engage in software development and marketing activities.

Pavo Teknik Servis Elektrik ve Elektronik Sanayi ve Ticaret Anonim Şirketi ("Pavo")

Pavo operates in the area of new generation payment recorders import, manufacture, sales and technical services

Secom Aktif Elektronik Güvenlik Çözümleri A.Ş. ("Secom Aktif Güvenlik")

Secom Aktif Güvenlik, whose previous title was Kent Güvenlik Sistemleri Elektronik İnşaat Sanayi ve Ticaret A.Ş. has been purchased by Secom Aktif Güvenlik Yatırım A.Ş. on March 31, 2019.

Secom Aktif Güvenlik Yatırım Anonim Şirketi ("Secom Aktif Yatırım")

Secom Aktif Yatırım was established on February 28, 2019 in order to engage in electronic security solutions.

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

1 Reporting Entity (continued)

1.6 Entities in banking and finance segment (continued)

Seher Güneş Enerjisi Üretim Anonim Şirketi ("Seher")

Seher, was established in 2018 in Ankara for the purpose of providing solar energy services. The power plant operates in Çalkışla Village in Erzincan.

Sigortaveri

Sigortayeri provides insurance products through the virtual and physical multi-channel structure that are shaped according to the needs of potential policyholders in order to operate insurance brokerage.

Silent Valley Partnership ("Silent Valley")

Silent Valley was established and operates in the construction sector in the TRNC in 2016.

Tanyeri Güneş Enerjisi Üretim Anonim Şirketi ("Tanyeri")

Tanyeri, was established in 2018 in Ankara for the purpose of providing solar energy services. The power plant operates in Çalkışla Village in Erzincan.

Turkuvaz Solar Enerji Üretim Anonim Şirketi ("Turkuvaz")

Turkuvaz, was established in 2018 in Istanbul for the purpose of providing solar energy services. The power plant operates in Doğalar in Kütahya.

Ufuk Güneş Enerjisi Üretim Anonim Şirketi ("Ufuk")

Ufuk, was established in 2018 in Ankara for the purpose of providing solar energy services. The power plant operates in Çalkışla Village in Erzincan.

UPT Lithuania UAB

UPT Lithuania UAB was established by UPT Ödeme Hizmetleri A.Ş. in Lithuania on December 4, 2019 and provides payment services. As of the reporting date, the company is non-operating.

UPT Ödeme Hizmetleri Anonim Sirketi ("UPT")

UPT was established for the purpose of electronic money transfer and payment services.

Yakamoz Güneş Enerjisi Üretim Anonim Şirketi ("Yakamoz")

Yakamoz, was established in 2018 in Ankara for the purpose of providing solar energy services. The power plant operates in Çalkışla Village in Erzincan.

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

Reporting entity (continued)

1.7 Entities in other segments

Company name	Type of partnership	Country
Amethyst Holding N.V.	Subsidiary	The Netherlands
Artmin Madencilik Sanayi ve Ticaret Anonim Şirketi	Subsidiary	Turkey
Başak Yönetim Sistemleri Anonim Şirketi	Subsidiary	Turkey
Çalık Dijital ve Bilişim Hizmetleri Anonim Şirketi	Subsidiary	Turkey
Çalık Hava Taşımacılık Turizm Sanayi ve Ticaret Anonim Şirketi	Subsidiary	Turkey
Çalık Pamuk Doğal ve Sentetik Elyaf Ticaret Anonim Şirketi	Subsidiary	Turkey
Çalık Tarım Ürünleri Lisanlı Depoculuk Anonim Şirketi	Subsidiary	Turkey
Irmak Yönetim Sistemleri Anonim Şirketi	Subsidiary	Turkey
İkideniz Petrol ve Gaz Sanayi ve Ticaret Anonim Şirketi	Subsidiary	Turkey
Kartaltepe Madencilik Sanayi ve Ticaret Anonim Şirketi	Joint venture	Turkey
Lidya Aurasia (*)	Subsidiary	Uzbekistan
Lidya Madencilik Sanayi ve Ticaret Anonim Şirketi	Subsidiary	Turkey
Nouvelle Frontiere SARL	Subsidiary	D.Congo
Polimetal Madencilik Sanayi ve Ticaret Anonim Şirketi (**)	Subsidiary	Turkey
Polimetal Mineral Madencilik Sanayi ve Ticaret Anonim Şirketi	Subsidiary	Turkey
Tunçpınar Madencilik Sanayi ve Ticaret Anonim Şirketi	Joint venture	Turkey

^(*) The company joined the Group in 2020

Amethyst Holding N.V. ("Amethyst")

Amethyst was established in 2017 in the Netherlands for purpose of carrying out holding activities.

Artmin Madencilik Sanavi ve Ticaret Anonim Sirketi ("Artmin Madencilik")

Artmin Madencilik (formerly known as AMG mineral Madencilik Anonim Şirketi) was established by AMG Mineral Inc in 2011 in Ankara for prospection and buying business licence, buying and selling mine site, managing and participating the mine tender. In 2015, the Group started to control the Artmin Madencilik by acquiring shares by 70 percent.

Başak Yönetim Sistemleri Anonim Şirketi ("Başak Yönetim")

Başak Yönetim was established in 2008 for the purpose of building and operating of electricity production facility and producing, selling and marketing of electricity with the name "Başak Enerji Elektrik Üretim Sanayi ve Ticaret Anonim Şirketi". The former name of company, was changed on 11 April 2013 as "Başak Yönetim Sistemleri Anonim Sirketi".

Çalık Dijital ve Bilişim Hizmetlerşi Anonim Şirketi ("Çalık Dijital)

Çalık Dijital (formerly known as Dore Altın ve Madencilik Anonim Şirketi) was established in 2010 in Istanbul for the purpose of mining, operating, purchasing and renting underground and surface mine and natural resources in accordance with existing regulations, to purchase prospecting license, to demand operating right and to take over mining rights. The former name of company, was changed on 8 December 2017 as Çalık Dijital ve Bilişim Hizmetlerşi Anonim Şirketi ("Çalık Dijital").

Calık Hava Taşımacılık Turizm Sanayi ve Ticaret Anonim Şirketi ("Çalık Hava")

Çalık Hava was established in 2010 in Istanbul for the purpose of providing every kind of air transportation activities, scheduled or unscheduled domestic and abroad air transportation, arranging passenger and freight cargo transportation.

^(**) In 2020, the shareholder structure of the company changed and changed from a joint ventures to a subsidiary

Calık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

1 Reporting entity (continued)

1.7 Entities in other segments (continued)

Çalık Pamuk Doğal ve Sentetik Elyaf Ticaret Anonim Şirketi ("Çalık Pamuk")

Çalık Pamuk started its operations under Çalık Holding in 2011. Çalık Pamuk beside trading cotton also provides consultancy services in all cotton related subjects. Çalık Pamuk procures cotton from both abroad and within Turkey mainly from USA and also from India, Central Asia, Africa, Greece and Turkish Southeast and provides services to cotton using textile companies both foreign and local companies.

Çalık Tarım Ürünleri ve Lisanslı Depoculuk Anonim Şirketi ("Çalık Tarım")

Çalık Tarım was established in 2017 in order to provide licensed warehousing services for the conservation of agricultural products under the license and for the purpose of commercial storage.

Irmak Yönetim Sistemleri Anonim Sirketi ("Irmak Yönetim")

Irmak Yönetim, formerly known as "Irmak Enerji Elektrik Üretim Madencilik Sanayi ve Ticaret Anonim Şirketi", was established in 2008 for the purpose of building and operating electricity production facility and producing, selling and marketing of electricity. The name was changed on 11 April 2013 as "Irmak Yönetim Sistemleri Anonim Sirketi".

İkideniz Petrol ve Gaz Sanayi ve Ticaret Anonim Şirketi ("İkideniz Petrol")

Ikideniz Petrol was established in 2008 for the purpose of importing, exporting, distributing, operating and production all kinds of crude oil.

Kartaltepe Madencilik Sanayi ve Ticaret Anonim Şirketi ("Kartaltepe")

Kartaltepe was established in 2011 as a wholly owned subsidiary of YAMAS. Kartaltepe is registered in Ankara, Turkey and is engaged in the operation of mining in Erzincan region. As at reporting date, Kartaltepe is a joint venture of Lidya Madencilik Sanayi ve Ticaret Anonim Şirketi ("Lidya Maden") and YAMAS with an ownership structure of 50 percent and 50 percent, respectively.

Lidya Aurasia

Lidya Aurasia was established by Lidya Maden in Uzbekistan on December 12, 2019.

Lidya Madencilik Sanayi ve Ticaret Anonim Şirketi ("Lidya Maden")

Lidya Maden was established in 2006 in Istanbul to explore all kind of metal and mineral products and to participate in mining companies.

Nouvelle Frontier SARL ("Nouvelle Frontiere")

Nouvelle Frontiere was registered in 2019 with the purpose of conducting geological research studies directly or indirectly, operating various mines and producing concentrates. The head office of the company is in Democratic Republic of Congo.

Polimetal Madencilik Sanayi ve Ticaret Anonim Şirketi ("Polimetal")

Polimetal was incorporated in 2011 as a wholly owned subsidiary of Yeni Anadolu Mineral Madencilik Sanayi ve Ticaret Ltd. Şti. ("YAMAS"). Polimetal is registered in Ankara, Turkey and is engaged in the development and operation of mining assets. On 03.01.2020 Alacer Gold Madencilik A.Ş. left the partnership by transferring its shares to Lidya Maden and Lidya Maden's share in the company increased from 50% to 100%.

Polimetal Mineral Madencilik Sanayi ve Ticaret Anonim Şirketi ("Polimetal Mineral")

Polimetal Mineral was established on 15 November 2016 to explore, develop and operate all kinds of mines.

Tunçpınar Madencilik Sanayi ve Ticaret Anonim Şirketi ("Tunçpınar")

Tuncpinar was established in 2011 as a wholly owned subsidiary of YAMAS. Tuncpinar is registered in Ankara, Turkey and is engaged in the operation of mining in Tunceli region. As at reporting date, Tuncpinar is a joint venture of Lidya Maden and YAMAS with an ownership structure of 50 percent and 50 percent, respectively.

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Calık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

2 Basis of preparation

(a) Statement of compliance

Çalık Holding entities operating in Turkey maintain their books of account and prepare their statutory financial statements in Turkish Lira ("TL") in accordance with the Accounting Practice Regulations as promulgated by the Banking Regulatory and Supervision Agency ("BRSA") (applicable to the financial institutions), Turkish Uniform Chart of Accounts, Turkish Commercial Code and Tax Legislation.

Çalık Group's foreign entities maintain their books of account and prepare their statutory financial statements in accordance with the related legislation and generally accepted accounting principles applicable in the countries they operate.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standarts ("IFRS").

Going concern

Consolidated financial statements have been prepared on the basis of going concern, assuming that the Company and its subsidiaries included in consolidation will benefit from its assets and fulfill its obligations in the natural flow of its activities in the next year.

b) Significant changes regarding the current period

The consolidated financial statements were approved by the Group management on 7 April 2021. Çalık Holding's General Assembly and the other regulatory bodies have the power to amend the consolidated financial statements which after their issue.

Calık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

2 Basis of preparation (continued)

c) Basis of Measurements

The consolidated financial statements have been prepared on the historical cost basis and for the Turkish entities as adjusted for the effects of inflation that lasted by 31 December 2004, except for the following:

- derivative financial instruments are measured at fair value.
- non-derivative financial assets at fair value OCI are measured at fair value
- assets and liabilities held for sale are measured at the lower of their carrying amount and fair value less costs to sell.
- non-derivative financial assets at fair value through profit or loss are measured at fair value,
- investment property is measured at fair value.

The methods used to measure the fair values are discussed further in Note 36.

(d) Functional and presentation currency

Çalık Holding determined its functional currency is Turkish Lira ("TL") as at 30 June 2018 and earlier. As of 1 July 2018, The Group's subsidiaries mainly operating in Energy and Construction sectors that are comprised significant part of Group's revenue has almost completed their projects in Turkey and focused on foreign projects. In addition, the main operation of the Company concentrated abroad where potential dividend income also can be obtained. In accordance with IAS 21 "The Effects of Changes in Foreign Exchange Rates" The Group management decided to change functional currency from TL to USD and it will be appropriate to apply as at 1 July 2018. The Company changed its functional currency into USD in accordance with IAS 21 "The Effects of Changes in Foreign Exchange Rates" due to intensification of the activities of the Group companies abroad and the changes in the dividend policies as of 1 July 2018.

The accompanying consolidated financial statements are presented in United States Dollar ("USD") except as otherwise indicated, financial information presented in USD has been rounded to the nearest thousand.

Financial statements prepared in US Dollars which is the current currency, have been translated into the reporting currency "TL" as described below;

As of 31 December 2020, balance sheet accounts have been issued by T.C. The Central Bank (TCMB), has been converted into TL with the US Dollar buying rate of 1 USD = 7,3405 TL (31 December 2019: 1 USD = 5,9402 TL).

Profit or loss and other comprehensive income statements for the period ended 31 December 2020 have been converted to TL with an annual average of 1 USD = 7,0034 (31 December 2019: 1 USD = 5,6712 TL)

The translation differences resulting from the above translations are shown in the "foreign currency translation differences" account under the Comprehensive Income and Reclassified to Profit or Loss account group.

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Calık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

2 Basis of preparation (continued)

e) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about significant areas at estimation uncertainty and critical judgment in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are described in the following notes:

- Note 3 (e) and (f) Useful lives of property and equipment and intangible assets including goodwill
- Note 9 Financial investments
- Note 11– Trade receivables and payables
- Note 15 Prepayments and deferred revenue
- Note 20 Investment property
- Note 24 Derivatives
- Note 26 Provisions
- Note 28 Taxation
- Note 36 Financial instruments Fair values and risk management (including fair value explanations)

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

2 Basis of preparation (continued)

f) Comperative information and adjustment of prior period financial statements

Significant changes or material errors in accounting policies are adjusted retrospectively by rearranging the financial statements of the previous period. The effect of changes in accounting estimates affecting the current period has been recognized in the current period; The effects of changes in accounting estimates that affect current and future periods are recognized in the current and future periods.

The financial statements of the Group are prepared comparatively with the previous period in order to allow the determination of financial status and performance changes. Comparative information is reclassified when necessary and important differences are explained in order to comply with the presentation of the current period financial statements. The Group has made some classifications in the financial statements of the previous period in the current period. The nature and amounts of the classifications are described below.

In the consolidated financial statements for the year ended December 31, 2019, the following classifications have been made in order to comply with the presentation of the current period:

	31 December 2019		
	Previously reported	Revised	Reclassification
Revenue	1.343.095	1.367.991	24.896
Cost of sales	(961.341)	(966.593)	(5.252)
General and administrative expenses	(206.981)	(241.924)	(34.943)
Sales, marketing and distribution expenses	(55.790)	(40.491)	15.299
Other income from operating activities	73.601	78.065	4.465
Gains /(loss) from investing activities	113.388	108.923	(4.465)
Finance income	40.239	44.939	4.700
Finance expenses	(164.333)	(169.032)	(4.700)

g) The new standards, amendments and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as at December 31, 2020 are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRIC interpretations effective as of January 1, 2020. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

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Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

2 Basis of preparation (continued)

g) The new standards, amendments and interpretations (continued)

i)The new standards, amendments and interpretations which are effective as at January 1, 2020 are as follows:

Definition of a Business (Amendments to IFRS 3)

In May 2019, the POA issued amendments to the definition of a business in TFRS 3 Business Combinations standards. The amendments are intended to assist entities to remove the assessment regarding the definition of business.

The amendments:

- clarify the minimum requirements for a business:
- remove the assessment of whether market participants are capable of replacing any missing elements:
- add guidance to help entities assess whether an acquired process is substantive;
- narrow the definitions of a business and of outputs; and
- introduce an optional fair value concentration test.

The amendments to TFRS 3 are effective for annual reporting periods beginning on or after 1 January 2020 and apply prospectively.

Amendments to TFRS 9, TAS 39 and TFRS 7- Interest Rate Benchmark Reform

The amendments issued to TFRS 9 and TAS 39 which are effective for periods beginning on or after January 1, 2020 provide reliefs which enable hedge accounting to continue. For these reliefs, it is assumed that the benchmark on which the cash flows of hedged risk or item are based and/or, the benchmark on which the cash flows of the hedging instrument are based, are not altered as a result of IBOR reform. in connection with interest rate benchmark reform.

Reliefs used as a result of amendments in TFRS 9 and TAS 39 is aimed to be disclosed in financial statements based on the amendments made in TFRS 7.

Definition of Material (Amendments to TAS 1 and TAS 8)

In June 2019, the POA issued amendments to TAS 1 Presentation of Financial Statements and TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

The amendments to TAS 1 and TAS 8 are required to be applied for annual periods beginning on or after 1 January 2020. The amendments must be applied prospectively and earlier application is permitted.

Calık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

2 Basis of preparation (continued)

The new standards, amendments and interpretations (continued)

i) The new standards, amendments and interpretations which are effective as at January 1, 2020 are as follows (continued)

In June 5, 2020, the POA issued amendments to TFRS 16 Leases to provide relief to lessees from applying TFRS 16 guidance on lease modifications to rent concessions arising a direct consequence of the Covid-19 pandemic. A lessee that makes this election accounts for any change in lease payments related rent concession the same way it would account for the change under the standard, if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of the Covid-19 pandemic and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021
- There is no substantive change to other terms and conditions of the lease.

A lessee will apply the amendment for annual reporting periods beginning on or after 1 June 2020. Early application of the amendments is permitted.

ii) Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, when the new standards and interpretations become effective.

TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted. The Group will wait until the final amendment to assess the impacts of the changes.

TFRS 17 - The new Standard for insurance contracts

The POA issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. TFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2023; early application is permitted. The standard is not applicable for The Group and will not have an impact on the financial position or performance of the Group.

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Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows *(continued)*For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

2 Basis of preparation (continued)

- The new standards, amendments and interpretations (continued)
 - ii) Standards issued but not yet effective and not early adopted (continued)

Amendments to TAS 1- Classification of Liabilities as Current and Non-Current Liabilities

On March 12, 2020, the POA issued amendments to TAS 1 Presentation of Financial Statements. The amendments issued to TAS 1 which are effective for periods beginning on or after 1 January 2023, clarify the criteria for the classification of a liability as either current or non-current. Amendments must be applied retrospectively in accordance with TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Early application is permitted.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

Amendments to TFRS 3 - Reference to the Conceptual Framework

In July 2020, the POA issued amendments to TFRS 3 Business combinations. The amendments are intended to replace to a reference to a previous version of the Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing requirements of TFRS 3. At the same time, the amendments add a new paragraph to TFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments issued to TFRS 3 which are effective for periods beginning on or after 1 January 2022 and must be applied prospectively. Earlier application is permitted if, at the same time or earlier, an entity also applies all of the amendments contained in the Amendments to References to the Conceptual Framework in TFRS standards (March 2018).

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

Amendments to TAS 16 - Proceeds before intended use

In July 2020, the POA issued amendments to TAS 16 Property, plant and equipment. The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and costs of producing those items, in profit or loss. The amendments issued to TAS 16 which are effective for periods beginning on or after 1 January 2022. Amendments must be applied retrospectively only to items of PP&E made available for use on or after beginning of the earliest period presented when the entity first applies the amendment.

There is no transition relief for the first time adopters.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

Calık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

2 Basis of preparation (continued)

g) The new standards, amendments and interpretations (continued)

ii) Standards issued but not yet effective and not early adopted (continued)

Amendments to TAS 37 – Onerous contracts – Costs of Fulfilling a Contract

In July 2020, the POA issued amendments to TAS 37 Provisions, Contingent Liabilities and Contingent assets. The amendments issued to TAS 37 which are effective for periods beginning on or after 1 January 2022, to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making and also apply a "directly related cost approach". Amendments must be applied retrospectively to contracts for which an entity has not fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Earlier application is permitted and must be disclosed.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

Interest Rate Benchmark Reform – Phase 2 – Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16

In December 2020, the POA issued Interest Rate Benchmark Reform – Phase 2, Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 to provide temporary reliefs which address the financial reporting effects when an interbank offering rate (IBOR) is replaced with an alternative nearly risk-free rate (RFR, amending the followings. The amendments are effective for periods beginning on or after 1 January 2021. Earlier application is permitted and must be disclosed.

Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform

The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. Under this practical expedient, if the interest rates applicable to financial instruments change as a result of the IBOR reform, the situation is not considered as a derecognition or contract modification; instead, this would be determined by recalculating the carrying amount of the financial instrument using the original effective interest rate to discount the revised contractual cash flows.

The practical expedient is required for entities applying TFRS 4 Insurance Contracts that are using the exemption from TFRS 9 Financial Instruments (and, therefore, apply TAS 39 Financial Instruments: Classification and Measurement) and for TFRS 16 Leases, to lease modifications required by IBOR reform.

Relief from discontinuing hedging relationships

- The amendments permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Amounts accumulated in the cash flow hedge reserve are deemed to be based on the RFR.
- For the TAS 39 assessment of retrospective hedge effectiveness, on transition to an RFR, entities may elect on a hedge-by-hedge basis, to reset the cumulative fair value changes to zero.
- The amendments provide relief for items within a designated group of items (such as those forming part of a macro cash flow hedging strategy) that are amended for modifications directly required by IBOR reform. The reliefs allow the hedging strategy to remain and not be discontinued.

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Calik Holding Anonim Sirketi and its Subsidiaries

Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

2 Basis of preparation (continued)

- g) The new standards, amendments and interpretations (continued)
 - ii) Standards issued but not yet effective and not early adopted (continued)

Relief from discontinuing hedging relationships (continued)

- As instruments transition to RFRs, a hedging relationship may need to be modified more than once. The phase two reliefs apply each time a hedging relationship is modified as a direct result of IBOR reform.

Separately identifiable risk components

The amendments provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

Additional disclosures

Amendments need additional TFRS 7 Financial Instruments disclosures such as; How the entity is managing the transition to RFRs, its progress and the risks to which it is exposed arising from financial instruments due to IBOR reform, quantitative information about financial instruments that have yet to transition to RFRs and If IBOR reform has given rise to changes in the entity's risk management strategy, a description of these changes.

The amendments are mandatory, with earlier application permitted. While application is retrospective, an entity is not required to restate prior periods.

Annual Improvements - 2018-2020 Cycle

In July 2020, the POA issued Annual Improvements to TFRS Standards 2018–2020 Cycle, amending the followings:

- TFRS 1 First-time Adoption of International Financial Reporting Standards Subsidiary as a first-time adopter: The amendment permits a subsidiary tto measure cumulative translation differences using the amounts reported by the parent. The amendment is also applied to an associate or joint venture.
- TFRS 9 Financial Instruments Fees in the "10 per cent test" for derecognition of financial liabilities: The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either borrower or lender on the other's behalf.
- TAS 41 Agriculture Taxation in fair value measurements: The amendment removes the requirement in paragraph 22 of TAS 41 that entities exclude cash flows for taxation when measuring fair value of assets within the scope of TAS 41.

Improvements are effective for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted for all.

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

2 Basis of preparation (continued)

h) Significant changes regarding the current period

Due to the Covid 19 epidemic that affected the whole world, the economic slowdown has been occured both in the sector which the Group operates and in the general economic activities in the second quarter of the year. The necessary actions were taken by the Group management to minimize the possible effects of Covid 19 on the Group's activities and financial status of the Group. In the meantime, various actions were taken by the Group regarding operations and the cash management strategy has been reviewed by assessing the payment and collection terms for a stronger liquidity position.

Since the possible overall impacts and duration of Covid 19 pandemic on the World and Turkey is still unknown as of reporting the reporting date, it will only be possible to do mid and long term assessment once the impacts become more clear. In preparation of the consolidated financial statements as of 31 December 2020, the Group has assessed the possible impacts of Covid 19 pandemic on the consolidated financial statements and reviewed the critical estimates and assumptions. Within this scope, the Group has assessed the possible impairment in the consolidated financial statements and no significant impact has been identified.

3 Significant accounting policies

a) Basis of consolidation

The accompanying consolidated financial statements include the accounts of the parent company, Çalık Holding, its subsidiaries, joint arrangements and associates on the basis set out in sections below. The financial statements of the entities included in the consolidation have been prepared as at the date of the consolidated financial statements.

i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards are required to be exchanged for awards held by the acquiree's employees, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

ii) Non-controlling interests

Non-controlling interests are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

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Calık Holding Anonim Sirketi and its Subsidiaries

Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

3 Significant accounting policies (continued)

a) Basis of consolidation (continued)

iii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

iv) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

v) Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within the Group equity and any gain/loss arising is recognised directly in equity.

vi) Associates (Equity-accounted investees)

The Group's interests in equity-accounted investees comprise interests in associates and a joint venture. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint venture are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

vii) Joint arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns. They are classified and accounted for as follows:

- Joint operation when the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement, it accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation.
- Joint venture (equity-accounted investees) when the Group has rights only to the net assets of the arrangements, it accounts for its interest using the equity method.

The accompanying consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of joint ventures, after adjustments to align the accounting policies with those of the Group, from the date that joint control commences until the date that joint control ceases.

When the Group's share of losses exceeds its interest in an joint venture, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Calık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

3 Significant accounting policies (continued)

a) Basis of consolidation (continued)

viii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

In consolidation of operating results and financial positions of subsidiaries whose functional currency is other than USD, main consolidation transactions are made such as elimination of related party balances and transactions. But, a monetary asset (or liability) of related parties regardless of short-term or long-term (except for monetary items which are part of net investment of the Group in its subsidiaries whose functional currency is different than USD) can not be eliminated with related party liability (or related party asset) without presenting results of fluctuation of foreign currencies in consolidated financial statements. Because, a monetary item provides obligation of translation of any currency to other currency and makes the Group exposed to gain or losses arising from fluctuation of foreign currencies. Correspondingly, these kind of foreign exchange differences are recognized in profit or loss of consolidated financial statements of the Group.

b) Foreign currency

i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- an investment in equity securities designated as at FVOCI (2019: available-for-sale equity investments (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss)
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective
- qualifying cash flow hedges to the extent that the hedges are effective.

The following significant foreign exchange rates are applied as at 31 December 2020 and 31 December 2019 are as follows:

End of month	31 December 2020	31 December 2019
EUR / TL	9,0079	6,6506
USD / TL	7,3405	5,9402
EUR / USD	1,2272	1,1196
Cumulative average EUR / TL USD / TL EUR / USD	8,0140 7,0034 1,1443	6,3481 5,6712 1,1194

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Calık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

Significant accounting policies (continued)

b) Foreign currency (continued)

i) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into euro at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into euro at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on this remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in OCI and presented in the revaluation reserve. Any loss is recognised in profit or loss. However, to the extent that an amount is included in the revaluation surplus for that property, the loss is recognised in other comprehensive income and reduces the revaluation surplus within equity.

c) Financial instruments

i) Financial assets

Initial Recognition and measurement

At initial recognition Group classifies its financial assets in three categories as; financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit of loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Subsequent measurement and classification

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

a. Financial assets measured at amortized cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit of loss:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- it is its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes cash and cash equivalents, trade receivables and other receivables.

Calık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

- 3 Significant accounting policies (continued)
- c) Financial instruments (continued)

Subsequent measurement and classification (continued)

b. Financial assets measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through other comprehensive income when they are not held for trading. The classification is determined on an instrument-byinstrument basis.

The accounting policies below apply to gains and losses from subsequent measurements:

Debt instruments measured at fair value through other comprehensive income	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.
Equity instruments measured at fair value through other comprehensive income	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

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Calik Holding Anonim Sirketi and its Subsidiaries

Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

3 Significant accounting policies (continued)

- c) Financial instruments (continued)
 - a. Financial assets at fair value through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The contractual rights to receive cash flows from the asset have expired, or
- The Group has transferred its contractual rights to receive cash flows from the asset, or retains the contractual rights to receive the cash flows of the financial asset but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group transfers a financial asset, it evaluates the extent to which it retains the risks and rewards of ownership of the financial asset. When the Group has transferred its contractual rights to receive cash flows from an asset and neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement.

Impairment

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss.

ECLs are recognised in two stages:

- 12-month ECL: For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months,
- Lifetime ECL: For those credit exposures for which there has been a significant increase in credit
 risk since initial recognition, a loss allowance is required for credit losses expected over the
 remaining life of the exposure.

For trade receivables, other receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The expected credit losses were calculated based on a provision matrix that is based on the Group's historical credit loss experience, considering for forward-looking factors.

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

3 Significant accounting policies (continued)

- c) Financial instruments (continued)
- ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, borrowings and derivative financial instruments.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

• Financial liabilities at fair value through profit or loss

This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by TFRS 9. Gains and losses are recognised in the statement of profit or loss.

• Financial liabilities at amortised cost

After initial recognition, borrowings and trade and other payables are subsequently measured at amortised cost using the effective inerest rate method. Gains and losses are recognised in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments and hedging activities

Derivative financial instruments are initially recognised at the acquisition cost reflecting the fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The derivative instruments of the Group mainly consist of foreign exchange forward contracts and currency/interest rate swap instruments. These derivative transactions, even though providing effective economic hedges under the Group risk management position, do not generally qualify for hedge accounting under the specific rules and are therefore treated as derivatives held for trading in the consolidated financial statements. The fair value changes for these derivatives are recognised in the consolidated income statement.

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Calık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

3 Significant accounting policies (continued)

c) Financial instruments (continued)

Service concession arrangements

Service concession arrangements are defined within scope of TFRIC 12 as those whereby a government or other body grants contracts for the supply of public services – operations such as roads, energy distribution, prisons or hospitals –to private operators. The Group's electricity distribution and meter reading service businesses are in the scope of service concession agreements.

Considering the Group's terms in the service concession arrangements, a financial asset model where the Group recognises a financial asset to the extent that it has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor has been applied, since the right to receive cash for the distribution and meter reading services are constituted through actual billing to subscribers where the distribution and meter reading service components of the billing are already specified or determinable through the regulated tariffs by EMRA.

The Group has measured the financial asset at fair value, with the effective interest method which is calculated by discounting estimated future cash receipts with regards to the compensation of TOR and the initial and annual capital expenditures made by the Group, through the expected life of the arrangement and set "Financial Asset Related to Concession Agreements" on the balance sheet and recognizes the revenue on an effective interest method as "Finance Income from Service Concession Arrangements"

Security deposit

According to the Article 26 of Electricity Market Customer Services Regulation, legal entities which have retail electricity sale licenses, can demand security deposits from their subscribers in order to deduct customers' debts in case of possible inability to pay energy consumption fee due to address change and/or cease of retail sale agreements or termination of retail sale agreements.

Security deposits received from current subscribers are recognised in the "payables to third parties" item at the adjusted values based on inflation applicable to reporting dates using Consumer Price Index ("CPI") rates. Security deposits valuation expenses and realised security deposit expenses are recognised as finance cost in profit or loss.

Income and expenses arising from the repurchase and resale agreements over investments are recognised on an accruals basis over the period of the transaction and are included in "interest income" or "interest expense" presented under "revenue from finance sector operations" and "cost of revenue from finance sector operations", respectively.

d) Repurchase transactions

The Group enters into purchases/sales of investments under agreements to resell/repurchase substantially identical investments at a certain date in the future at a fixed price. Investments purchased subject to commitments to resell them at future dates are not recognised. The amounts paid are recognised as "Receivables related to finance sector operations" in the accompanying consolidated financial statements. The receivables are shown as collateralized by the underlying security.

Investments sold under repurchase agreements continue to be recognised in the consolidated statement of financial position and are measured in accordance with the accounting policy for either assets held for trading, held to maturity or available-for-sale as appropriate. The proceeds from the sale of the investments are reported as funds from repo transactions presented under "Payables related to finance sector operations".

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

3 Significant accounting policies (continued)

(e) Property, plant and equipment

i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- cost of materials and direct labor;
- any other costs directly attributable to bringing the asset to a working condition for its intended use;
- when the Group has an obligation to remove the assets or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the asset) is recognised in "Gain from investing activities" or "Loss from investing activities" under profit or loss.

ii) Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on this remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in OCI and presented in the revaluation reserve. Any loss is recognised in profit or loss. However, to the extent that an amount is included in the revaluation surplus for that property, the loss is recognised in other comprehensive income and reduces the revaluation surplus within equity.

iii) Subsequent costs

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

iv) Depreciation

Items of property, plant and equipment are depreciated from the date that they are available for use or, in respect of self-constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

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Calık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

3 Significant accounting policies (continued)

(e) **Property, plant and equipment** (continued)

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

<u>Description</u>	<u>Year</u>
Buildings	50
Machinery and equipments	1-40
Vehicles	5-10
Furniture and fixtures	3-15
Other tangible assets	5-15
Leasehold improvements	2-50

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

f) Intangible assets and goodwill

i) Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses (see accounting policy 3(j) ii). In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss is allocated to the carrying amount of the equity-accounted investee.

ii) Other intangible assets

Other intangible assets of the Group mainly consist of licences for oil exploration, hydroelectric power generation, wind power generation and liquefied natural gas import, electricity distribution rights and computer software acquired by the Group, which have finite useful lives, and are measured at cost less accumulated amortisation and any accumulated impairment losses, if any.

iii) Subsequent expenditures

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated and brands, is recognised in profit or loss as incurred.

iv) Amortisation

Intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

Amortisation of service concession rights acquired by the Group is recognised in profit or loss on a straight-line basis over their respective concession periods.

Amortisation of electricity distribution rights is based on the fair value of the asset which is acquired through business combination under scope of IFRS 3 "Business Combinations". The remaining amortisation period for electricity distribution rights are 26 years which is the service concession period of YEDAŞ as it was acquired by ÇEDAŞ. Licences and other intangible assets including computer software are amortised between 10 and 50 years and 2 and 10 years, respectively.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Calık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows *(continued)* For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

3 Significant accounting policies (continued)

g) Investment property

Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

Rental income from investment property is recognised as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Rental income from other property is recognised as other income.

h) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of trading goods and finished goods are based on the weighted average method and includes expenditure and other costs incurred in bringing them to their existing location and condition.

Cost of trading properties are determined on cost or deemed cost method by the entities operating in construction business. Trading properties comprised lands that are held for construction projects to sell and cost of buildings that are held for trading purposes.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

i) Construction contracts in progress / deferred revenue

Construction contracts in progress represent the gross unbilled amount expected to be collected from customers for contract work performed to date. Construction contracts in progress is measured at cost plus profit recognised to date less progress billings and recognised losses. Cost includes all expenditures related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Construction contracts in progress is presented as "Due from customers for contract work" within trade receivables in the consolidated statement of financial position for all contracts in which the sum of costs incurred and recognised expected losses plus recognised profits exceed progress billings. If the sum of progress billings and recognised expected losses exceed cost incurred plus recognised profits, then the difference is presented as "Due to customers for contract work" within deferred income in the consolidated statement of financial position.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. Revenue measurements are based on estimates that are revised as events and uncertainties are resolved. Cost and revenues may be revised based on variations to the original contract, penalties on delays, cost escalation clauses and other similar items. These revisions are recognised in the consolidated financial statements as they are incurred. Revenue incentive are recognised as revenue to the extent that the amount can be measured reliably and its receipt is considered probable.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised to the extent of costs incurred that are probable of recovery. Costs are recognised as an expense as they are incurred.

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Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

3 Significant accounting policies (continued)

i) Construction contracts in progress / deferred revenue (continued)

Contract assets

It is used to monitor the assets defined as contract assets in IFRS 15. According to IFRS 15, contract assets are the right to receive the fee, in exchange for the goods or services that the business transfers to the customer, which is bound to another condition (for example, the future performance of the business), except that time has passed.

The total amount of the contract assets is shown separately in the statement of financial position. In addition, the companies divide the contract assets into sub-items according to the type of contract they are born (in the form of contract assets arising from ongoing construction and contracting works, contract assets arising from sales of goods and services, other contract assets).

Contract Liabilities

It is used for monitoring the obligations defined as contractual obligation in IFRS 15. According to IFRS 15, the contractual obligation is the obligation of the business to transfer the goods or services to the customer in exchange for the amount collected (or entitled to be collected) from the customer.

Before a good or service is transferred to the customer, the contractual obligation arises if the customer has the right to pay the price or the entity has unconditional right to receive the price (in other words, a receivable).

The total amount of contractual obligations is shown separately in the statement of financial position. In addition, the companies divide their contractual obligations into sub-items according to the type of contract they are born (in the form of contractual obligations arising from ongoing construction and contracting works, contractual obligations from sales of goods and services, other contractual obligations).

i) Impairment

i) Non-derivative financial assets

Policy applicable from 1 January 2018

Financial instruments and contract assets

The Group recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI; and
- contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over
 the expected life of the financial instrument) has not increased significantly since initial recognition.
 Loss allowances for trade receivables and contract assets are always measured at an amount equal to
 lifetime ECLs

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

3 Significant accounting policies (continued)

j) Impairment (continued)

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than past due.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 730 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 730 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

k) Assets held for sale or distribution

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

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Calik Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

3 Significant accounting policies (continued)

k) Assets held for sale or distribution (continued)

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment

losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

l) Employee benefits

i) Reserve for employee severance indemnity

Reserve for employee severance indemnity represents the present value of the estimated future probable obligation of the Group arising from the retirement of the employees of the Group's entities operating in Turkey and calculated in accordance with the Turkish Labour Law. It is computed and reflected in the consolidated financial statements on an accrual basis as it is earned by serving employees. The computation of the liabilities is based upon the retirement pay ceiling announced by the Government. The ceiling amounts applicable for each year of employment were USD 0,97 and USD 1,07 (equivalent to TL 7,11 and TL 6,38 respectively) at 31 December 2020 and 2019, respectively.

IFRSs require actuarial valuation methods to be developed to estimate the entity's obligation under defined benefit plans. The total liability for employee severance benefit was calculated by an independent actuary based on past service cost methodology using the observerable statistical market data such as mortality, inflation and interest rates or retirement pay ceilings applicable to the relevant periods and assumptions derived from the specific historic date of the Group such as retention and employee turnover rates or salary increase rates.

Income ceiling calculation for the Group's entities holding electricity distribution and retail sale license per the service concession agreement is updated yearly in accordance with EMRA decision No. 2991 dated 28 December 2010 to compensate the expenditures (such as employee benefit costs) relevant to the operations performed under these licenses as they incurred. Accordingly, the employee severance indemnity amounting to USD 2.267 (31 December 2019: USD 1.941) had no effect on the Group's consolidated financial statements since the same amount will be compensated by the Government as a adjusting item in the following income ceiling calculation.

Actuarial gains/losses are comprised of adjustment of difference between actuarial assumptions and results and change in actuarial assumptions. Because of the adoption of IAS 19 (2011), all actuarial differences have to be recognised in other comprehensive income. However due to insignificance of the balances, the Group has recognised any actuarial differences on reserve for employee severance indemnity profit or loss.

Reserve for employee severance indemnity is not subject to any statutory funding.

Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss when they are due. The Group's banking subsidiary in Albania makes compulsory social security contributions that provide pension benefits for employees upon retirement. The local authorities are responsible for providing the legally set minimum threshold for pensions in Albania under a defined contribution pension plan.

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

3 Significant accounting policies (continued)

Employee benefits (continued)

ii) Defined benefit plans

The Group's banking subsidiary in Albania created a fully employer sponsored pension plan fund-Staff Support Program during 2002. The amount charged to this fund (SSP) was decided as 5 percent of yearly budgeted personnel salary expenses.

The amount due to employees based on the above plan would be grossed up by the interest that will accrue from the date the employees leave the Group's banking subsidiary in Albania until their retirement. It would be paid to employees only when they reach the Albanian statutory retirement age, in monthly instalments equal to a minimum of 75 percent of their state monthly pension until the accumulated fund for the employee is consumed.

Based on the Board of Directors resolution effective on 30 September 2010, the Group's banking subsidiary in Albania stopped the investment in this fund (SSP), by transforming it into the Staff Retention Credit Program (SRCP). The demographic changes in labour force during the last ten years and the employees' average age at 31, where 80 percent of employees are below the age of 40, has resulted in SSP not being attractive for most employees of the Group's banking subsidiary in Albania, as it can only be enjoyed at retirement. In contrast, SRCP will be more readily beneficial for all staff of the Group's banking subsidiary in Albania, as it will provide consumer and home loans with preferential terms. The entire due amount calculated for eligible employees in Staff Support Program has been frozen on the same date. The frozen amount due to change of SSP into SRCP on 30 September 2010 and the corresponding annual interest that will be gained by the investment in AAA sovereign bonds in the future until retirement age, is recorded as a liability by the Group's banking subsidiary in Albania.

iii) Vacation pay liability

Short-term employee benefit obligations are consisting of reserve for the vacation pay liability due to the earned and unused vacation rights of its employees of the Group's Turkish entities, and measured on an undiscounted basis and are recognised in profit or loss as the related service is provided.

m) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

i) Provisions for EMRA regulations

In case of incompliance with the Electricity Market Act numbered 6446 which is effective after the publication on the Official Gazette dated 30 March 2013, numbered 28603 as well as with the regulations and communiqués promulgated by EMRA, EMRA sends a letter notifying the reason and related penalty fee with payment maturity to the Group. Although these penalties generally are paid in advance, some payments could be delayed until the final confirmation is reached in case of disagreement with EMRA. Based on the final conclusions of the legal department of the Group and assumption/analysis made by the Group management, required provision is made on the consolidated statement of the financial position when the notification is received.

ii) Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

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Calık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

3 Significant accounting policies (continued)

n) Revenue

General model for revenue recognition

IFRS 15 requires revenue recognition for all contracts with customers to follow the five-step approach to revenue recognition.

Step 1: Identifying the contract

A contract exists only if it is legally enforceable, the collection of the consideration is probable, the rights to goods and services and payment terms can be identified, the contract has commercial substance; and the contract is approved, and the parties are committed to their obligations.

If either contract were negotiated as a single commercial package, or consideration in one contract depends on the other contract or goods or services (or some of the goods or services) are a single performance obligation the Group accounts the contracts as a single contract.

Step 2: Identifying the performance obligations

The Group defines 'performance obligation' as a unit of account for revenue recognition. The Group assesses the goods or services promised in a contract with a customer and identifies as a performance obligation either a good or service that is distinct; or a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer. A contract may contain promises to deliver a series of distinct goods or services that are substantially the same. At contract inception, an entity determines whether the series of goods or services is a single performance obligation.

Step 3: Determining the transaction price

In order to determine the transaction price, the Group assesses how much consideration it expects to be entitled to by fulfilling the contract. In arriving at the assessment, the Group considers variable elements of consideration, as well as the existence of a significant financing component.

Significant financing component

The Group revises the promised amount of consideration for the effect of a significant financing component to the amount that reflects what the cash selling price of the promised good or service. As a practical expedient, the Group does not adjust the transaction price for the effects of a significant financing component if, at contract inception, the entity expects the period between customer payment and the transfer of goods or services to be one year or less. In cases where advance for the services are received and the payment scheme is broadly aligned with the Group's performance throughout the period, the Group concludes that the period between performance and payment is never more than 12 months, therefore the expedient is applied.

Variable consideration

The Group identifies items such as price concessions, incentives, performance bonuses, completion bonuses, price adjustment clauses, penalties.

Step 4: Allocating the transaction price to performance obligations

If distinct goods or services are delivered under a single arrangement, then the consideration is allocated based on relative stand-alone selling prices of the distinct goods or services (performance obligations). If directly observable stand-alone selling prices are not available, the total consideration in the service contracts is allocated based on their expected cost plus a margin.

Calık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

3 Significant accounting policies (continued)

n) Revenue (continued)

Step 5: Recognition of revenue

The Group recognises revenue over-time if any of the following conditions is met:

- Customer simultaneously receives and consumes the benefits as the entity performs, or
- The customer controls the asset as the entity creates or enhances it, or
- Group's performance does not create an asset for which the entity has an use; and alternative there is a right to payment for performance to date.

For each performance obligation that is satisfied over time, an entity selects a single measure of progress, which depicts the transfer of control of the goods or services to the customer. The Group uses a method that measures the work performed reliably. The Group uses cost incurred to measure the progress towards to completion of the project where the input method is used and uses units transferred to measure the progress towards to completion of the project where the output method is used. If a performance obligation is not satisfied over time, then the Group recognises revenue at the point in time at which it transfers control of the good or service to the customer.

The Group recognises a provision in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits.

Rental income

Rental income from investment property is recognised as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from investment property is recognised as other income from operating activities.

Sale of trading properties

Revenue from the sale of trading properties during ordinary activities is measured at the fair value of the consideration received or receivable, net of discounts. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. If it is probable that discounts will be granted, and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sale is recognised.

Transfers of risks and rewards vary depending on the terms of the sale contract. For the sale of trading properties, transfer occurs when the property has been delivered to and registered in the name of the buyer officially.

i) Energy business

The Group recognizes revenue when the goods or services is transferred to the customer and when performance obligation is fulfilled. Goods is counted to be transferred when the control belongs to the customer.

The entity recognizes revenue based on the following main principles:

- Identification of customer contracts
- Identification of performance obligations
- Determination of transaction price in the contract
- Allocation of price to performance obligations
- Recognition of revenue when the performance obligations are fulfilled

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows *(continued)* For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

3 Significant accounting policies (continued)

n) Revenue (continued)

The Group recognizes revenue from its customers only when all of the following criteria are met:

- The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations,
- The entity can identify each party's rights regarding the goods or services to be transferred,
- The entity can identify the payment terms for the goods or services to be transferred;
- The contract has commercial substance,
- It is probable that the Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity shall consider only the customer's ability and intention to pay that amount of consideration when it is due.

At the contract inception date, the Group evaluates the goods and services committed to be provided to the customer based on the contract and identifies each commitment as a separate performance obligation. In addition to that, the Group determines whether it satisfies the performance obligation over time or satisfies the performance obligation at a point in time.

When another party is involved in providing goods or services to a customer, the group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself or to arrange for the other party to provide those goods or services. The Group is a principal if it controls a promised good or service before the group transfers the good or service to a customer. When a group that is a principal satisfies a performance obligation, it recognizes as revenue the gross amount of consideration which it expects to be entitled to in exchange for those goods or services. The Group is an agent if its performance obligation is to arrange for the provision of goods or services by another party and in such a position, the Group does not recognize the revenue of the consideration at gross amount.

The Group determines the transaction price in accordance with contract terms and customs of trade. Transaction price is the amount of consideration which is expected to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. The Group allocates the transaction price to each performance obligation (or distinct goods or services), by reference to the consideration is considered to be deserved in return of the goods and services transferred to the customer. In this allocation, the Group allocates the transaction price determined in the contract to the standalone independent sales prices of these goods and services, where the Group identifies the prices of goods and services committed to be provided in the contract at the date of the inception of the contract and allocates the transaction price on these independent relative prices proportionally.

If the aggregate independent sales prices of the goods and services undertaken in the contract exceeds the transaction price in the contract, the customer has received discount on the purchase of goods or services. The Group allocates the discount to the all performance obligations retained in the contract proportionally except for the circumstances where there are observable inputs indicating that, the discount is provided for some but not all of the performance obligations.

Distribution part of the revenue is composed of distribution, meter reading services, transmission and theft and loss components. Distribution and meter reading service components are considered within the content of service concession arrangements due to the regulations of Energy Market Regulatory Authority ("EMRA"). Additionally, according to the Electricity Market Law, the Electricity Market Tariffs Communiqué and other related regulations, the Group's distribution, transmission and meter reading services are subject to revenue caps which cover operating expenses and investment requirements related to distribution and meter reading services. Moreover, transmission revenue is a complete pass-through of transmission costs as charged by Türkiye Elektrik İletim A.Ş. ("TEİAŞ"). These regulations guarantee revenue to the Group during the transition period regardless of the consumption level. The underbillings or overbillings made by the Group are adjusted by EMRA in the tariffs to be effective in two years.

Calık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

3 Significant accounting policies (continued)

n) Revenue (continued)

i) Energy business (continued)

Revenue, (excluding the distribution business) is recognized upon delivery of electricity or upon fulfilment of services. Delivery is deemed complete when the risk and rewards associated with ownership has been transferred to the buyer as contractually agreed, compensation has been contractually established and collection of the resulting receivable is probable. The Group recognizes retail revenue only from illumination customers due to the regulations of the EMRA announced after the legal unbundling. Revenue from the sale and delivery of electricity is measured at the fair value of the consideration received or receivable. The estimated value of the electricity supplied but not invoiced to the customers is considered for the measurement of revenue.

Distribution of electricity revenue

Invoices of the subscribers other than residential and commercial companies are issued monthly at the end of each month by the retail companies whereas the invoices of the residential subscribers are issued continuously during each month due to the high number of subscribers in this group. Commercial group subscribers are also issued continuously during the month due to the high number of customers in this group although the subscribers with high consumption level are billed at the end of the month. As a result, the estimated value of the electricity distributed including the theft and loss, but not invoiced to subscribers by the retail companies is considered for the measured revenue.

Due to the fact that the electricity could not be stored, the purchase and sales realizes simultaneously and accordingly revenue and cost of revenue are recognized at the transaction time. Monthly invoicing is made at the month ends and the Group management monitors closely at period ends and the delays of 5-10 days in electricity usage count do not have a significant impact on the accompanying financial statements. Revenue from the sale of electricity to subscribers is stated, net of returns. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the subscribers. Transfer of risk and rewards depends on the consumption of electricity by subscribers.

Service Concession Arrangements

Service concession arrangements are defined within scope of TFRIC 12 as those whereby a government or other body grants contracts for the supply of public services – operations such as roads, energy distribution, prisons or hospitals – to private operators. The Group's electricity distribution and meter reading service businesses are in the scope of service concession agreements.

Considering the Group's terms in the service concession arrangements, a financial asset model where the Group recognises a financial asset to the extent that it has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor has been applied, since the right to receive cash for the distribution and meter reading services are constituted through actual billing to subscribers where the distribution and meter reading service components of the billing are already specified or determinable through the regulated tariffs by EMRA.

The Group has measured the financial asset at fair value, with the effective interest method which is calculated by discounting estimated future cash receipts with regards to the compensation of TOR and the initial and annual capital expenditures made by the Group, through the expected life of the arrangement and set "Financial Asset Related to Concession Agreements" on the balance sheet and recognizes the revenue on an effective interest method as "Finance Income from Service Concession Arrangements".

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Calık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

3 Significant accounting policies (continued)

n) Revenue (continued)

i) Energy business (continued)

Investment Income

Under the terms of contractual agreements covered by IFRS Comment 12, the Company acts as a service provider. It builds or renovates the infrastructure used to deliver a public service (construction or renovation services) and operates and maintains the infrastructure for a specified period (Operating services). The Company recognizes its revenue by IFRS 15, "Revenue from Contracts with Customers", for the services it performs. The company calculates the profit margin between the construction phase and active concession contracts by considering the difference between the cost of a base price and the actual cost by EMRA.

Interest revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Interest income related to service concession arrangements are recognized in accordance with Service Concession Arrangements ("TFRIC 12"). Interest income on receivable from concession arrangement is recognised on a time-proportion basis using the effective interest method.

Electricity retail revenue

Invoices of the subscribers other than residential and commercial companies are issued monthly at the end of each month by the retail companies whereas the invoices of the residential subscribers are issued continuously during each month due to the high number of subscribers in this group. Commercial group subscribers are also issued continuously during the month due to the high number of customers in this group although the subscribers with high consumption level are billed at the end of the month. As a result, the estimated value of the electricity distributed including the theft and loss, but not invoiced to subscribers by the retail companies is considered for the measured revenue.

In accordance with the relevant provisions of EMRA's regulation, electricity retail sale service is defined in Electricity Market Law and Electricity Market License Communiqué promulgated by EMRA as other services such as invoicing or collection provided to the customers excluding the sale of electricity and/or capacity, the services provided by companies holding retail sale licenses to consumers. Electricity retail sale service fee included in the invoices issued by the Group contains invoicing costs, consumer services costs, capital expenditures relevant to the electricity retail sale services. Electricity retail sale service fee is applied to all customers who purchase energy from the Group.

ii) Banking and finance business

Interest income / expense

Interest income and expense are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

The calculation of the effective interest rate includes all fees and commissions paid or received transaction costs, and discounts or premiums that are integral part of the effective interest rate. Interest income and expense on all trading assets and liabilities are considered to be incidental to the Group's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in "Revenue from finance sector operations" item in profit or loss.

Interest income and expense presented in profit or loss include the interest income on financial assets and liabilities at amortised cost on an effective interest rate basis.

Calık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

3 Significant accounting policies (continued)

n) Revenue (continued)

ii) Banking and finance business (continued)

Fees and commission

Fees and commission income and expense that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate. Other fees and commission income are recognised as the related services are provided. Other fees and commission expense relates mainly to transaction and service fees, which are expensed as the services are received.

Net trading income

Net trading income comprises gains less loss related to trading assets and liabilities, and includes all realised and unrealised fair value changes and foreign exchange differences.

iii) Telecommunication business

Revenues are recognised to the extent that it is probable that economic benefits will flow to the Group and their amount can be measured reliably. Revenues are stated net of discounts, allowances, and returns.

Services rendered

Revenues from services rendered are recognized in the profit or loss according to the stage of completion of the service and only when the outcome of the service rendered can be estimated reliably.

Monthly subscription fee

Revenue related to the monthly service fees is recognised in the month that the telecommunication service is provided.

Usage charges and value-added services fees

Call fees consist of fees based on airtime and traffic generated by the caller, the destination of the call and the service utilised. Usage charges are based on traffic, usage of airtime or volume of data transmitted for value added services, such as short message services, internet usage and data services. Revenues from usage charges and value-added services are recognised in the period when the services are provided. Unbilled revenues from the billing cycle dating to the end of each month are estimated based on traffic and are accrued at the end of the month.

Revenue from the sale of internet services through contracts for leased lines is recognized in the profit or loss over the course of the contract. Revenue from the sale of prepaid access internet cards and access mobile cards is recognized in profit or loss at the time of usage.

Traffic revenues from interconnection and roaming are reported gross of the amounts due to other telecom operators.

Revenues from prepaid airtime are recorded on the basis of the airtime used at the predefined prices per minute. Deferred revenues for unused airtime are recorded as "Deferred revenue" in the consolidated statement of financial position.

Sales of goods

Revenue from the sale of modems and mobile phones is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer (i.e. upon delivery of goods), recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

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Calik Holding Anonim Sirketi and its Subsidiaries

Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

3 Significant accounting policies (continued)

n) Revenue (continued)

iv) Other businesses

Revenue from the sale of goods during ordinary activities is measured at the fair value of the consideration received or receivable, net of returns and allowances and trade discounts. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. If it is probable that discounts will be granted, and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sale is recognised.

Transfers of risks and rewards vary depending on the individual terms of the contract of sale. Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date.

v) Commissions

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

o) Research and development costs

Expenditure on research activities is recognised in profit or loss when incurred

p) Dividend income

Dividend income is recognised on the date that the Group's right to receive payment is established. Dividend payables are recognised after the dividend distribution approval in the General Assembly.

r) Right-of-use assets and leases liabilities

i) Right-of-use asset

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- a) the amount of the initial measurement of the lease liability,
- b) any lease payments made at or before the commencement date, less any lease incentives received,

c) any initial direct costs incurred by the Group.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Right-of-use assets are subject to impairment.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

3 Significant accounting policies (continued)

r) Right-of-use assets and leases liabilities (continued)

ii) Lease liabilities (continued)

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

iii) Short-term leases and low-value leases

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

s) Finance income and finance cost

Finance income comprises foreign currency gains (excluding those on trade receivables and payables), and gains on derivative instruments used for economic hedge for the foreign currency risk of the borrowings or interest rate risk exposures originating from the borrowings that are recognised in profit or loss (excluding other trading derivatives held by the banking subsidiaries of the Group). Interest income obtained from related parties for the funds provided is recognised as it accrues, using the effective interest method.

Finance cost comprises interest expense on borrowings and due to related parties for the funds received, foreign currency losses (excluding those on trade receivables and payables), and losses on derivative instruments used for economic hedge for the foreign currency or interest rate risk exposures originating from the borrowings that are recognised in profit or loss (excluding other trading derivatives held by the banking subsidiaries of the Group).

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either other income or expense depending on whether foreign currency movements are in a net gain or net loss position by each entity of the Group.

t) Other income and expenses from operating activities

Except for banking and finance operations, other income from operating activities comprises interest income on time deposits that is recognised as it accrues in profit or loss, using the effective interest method, recoveries reversal from provision for doubtful receivables and inventories, rediscount gains on payables, foreign currency gains (excluding those on borrowings), change of fair value on service concession agreement and other operating income.

Except for banking and finance operations, other expenses from operating activities comprise commission expenses for letter of credits, provision expense for doubtful receivables and inventories, donations, rediscount losses on payables, foreign currency losses (excluding those on borrowings) and other operating expenses. Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position by each entity of the Group.

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Calık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

3 Significant accounting policies (continued)

u) Income and losses from investing activities

Income from investing activities comprises gain on sale of property, plant and equipment and intangible assets, fair value gain of financial assets at fair value through profit or loss from the operations other than those held by finance sector entities of the Group, available for sale financial assets and financial assets at fair value through profit or loss, gain on derivative instruments (including other trading derivatives held by the finance sector entities of the Group), fair value gains on investment property and other income from investing activities.

Losses from investing activities comprises gain on sale of property, plant and equipment and intangible assets, fair value loss on investment property, fair value loss of financial assets at fair value through profit from the operations other than those held by finance sector entities of the Group or loss on derivative financial instruments (including other trading derivatives held by the finance sector entities of the Group) and other losses from investing activities.

v) Income ta

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements of the extent that the Group can control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

3 Significant accounting policies (continued)

v) Income tax (continued)

Deferred tax (continued)

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

Transfer pricing in Turkey

Transfer pricing is disclosed in the 13th clause of the Corporate Tax Law under the heading "veiled shifting of profit" via transfer pricing. The application details are stated in the "general communiqué regarding veiled shifting of profits via transfer pricing" published on 18 November 2007.

If the taxpayer involves in transactions with related parties relating to trading of products or goods not performed within the framework of the principals regarding to pricing according to peers, then it will be considered that the related profits are shifted in a veiled way via transfer pricing. Such veiled shifting of profits via transfer pricing will not be deducted from tax assessment for the purposes of corporate tax.

The provisions concerning to the "thin capitalisation" are stated in the Article 12 of new corporate tax law issued by Ministry of Finance of Turkey. According to the Article 12, if the borrowings obtained directly or indirectly from the shareholders of the companies or persons related to shareholders exceeds three times of the shareholders' equity of the company operating in Turkey at any time during the related year, the exceeding portion of the borrowing will be treated as thin capital.

The financial borrowings were regarded as thin capitalisation provided with:

- The borrowings obtained directly or indirectly from the shareholders of the companies or persons related to shareholders
- Used for/in the entity
- Borrowings exceeds three times of the shareholders' equity of the company at any time during the related year.

w) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the CEO ("Chief Executive Officer") and BOD members to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

x) De-merger/Spin off

Economically a de-merger represents a division of an entity into separate parts. The result of a de-merger is that the same shareholders own the same group of businesses; the shareholders structure and their ownership interests are identical both before and after the de-merger. In the absence of further guidance in IFRS, the Group has accounted the de-merger by recognising the book values.

y) Contingent assets and liabilities

If the inflows of the economic benefits to the Group are probable, contingent assets are disclosed in the notes to the consolidated financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognised in the consolidated financial statements in the period in which the change occurs.

Contingent liabilities are assessed continuously to determine whether an outflow of resources embodying economic benefits has become probable. Unless the possibility of any outflow in settlement is remote, contingent liabilities are disclosed in the notes to the financial statements.

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Calık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

3 Significant accounting policies (continued)

z) Subsequent events

Subsequent events represent the events after reporting date comprising any event between the reporting date and the date of authorisation for the consolidated financial statements' issue to the benefit or loss of the entity. Conditions of subsequent events are as follows:

- to have new evidences of subsequent events as of reporting date (adjusting events); and
- to have evidences of related subsequent events occurred after reporting date (non-adjusting).

The Group adjusts its consolidated financial statements according to the new condition if adjusting subsequent events arise after the reporting date. If it is not necessary to adjust the consolidated financial statements according to subsequent events, these subsequent events must be disclosed in the notes to the consolidated financial statements.

aa) Statement of cash flows

Cash flows during the period are classified and reported by operating, investing and financing activities in the cash flow statements.

Cash flows from operating activities reflect cash flows mainly generated from main operations of the Group. The Group presents the cash flows from operating activities by using the indirect method such as adjusting the accruals for cash inflows and outflows from gross profit/loss, other non-cash transactions, prior and future transactions or deferrals.

Cash flows from investment activities reflect cash used in investment activities (direct investments and financial investments) and cash flows generated from investment activities of the Group.

Cash flows relating to financing activities reflect sources of financial activities and payment schedules of the Group.

Cash and cash equivalents comprise cash on hand and demand deposits, investment funds, reverse repo receivables and other bank deposits whose maturities are three months or less from date of acquisition. Any restricted cash and cash equivalents that are not ready for the Group's use as at the reporting date, are excluded from the sum of the cash and cash equivalent in the consolidated statement of cash flows.

ab) Related parties

Parties are considered related to the Group if:

- (a) Directly, or indirectly through one or more intermediaries, the party:
 - (i) controls, is controlled by, or is under common control with the Group (this includes parent, subsidiaries and fellow subsidiaries);
 - (ii) has an interest in the Group that gives it significant influence over the Group; or
 - (iii) has joint control over the Group;
- (b) the party is an associate of the Group;
- (c) the party is a joint venture/operation in which the Group is a venturer;
- (d) the party is member of the key management personnel of the Group and its parent;
- (e) the party is a close member of the family of any individual referred to in (a) or (d);
- (f) the party is an entity that is controlled or significantly influenced by, or for which significant voting power in such entity resides with directly or indirectly, any individual referred to in (d) or (e);
- (g) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

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Several transactions are entered into with related parties in the normal course of business.

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 December 2020

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4 Acquisition and disposals of subsidiary and non-controlling interest

4.1 Acquisitions of non-controlling interests without change in control during 2020

Çalık Solar

On 31.01.2020, Çalık Solar merged with Momentum Enerji Elektrik Üretim San. ve Tic. A.Ş., one of the group companies, based on the 31.12.2019 balance sheets with the facilitated merger method.

Calık Yenilenebilir Enerji

On 31.01.2020, Çalık Yenilenebilir Enerji merged with Momentum Enerji Elektrik Üretim San. ve Tic. A.Ş., one of the group companies, based on the 31.12.2019 balance sheets with the facilitated merger method.

Çalık NTF

On 27.10.2020, Çalık NTF merged under Çalık Enerji Sanayi ve Ticaret A.Ş..

Cedaş Elektrik Dağıtım Yatırımları

On 13.04.2020, Çedaş Elektrik Dağıtım Yatırımları merged with Çalık Enerji San. Ve Tic. A.Ş., one of the group companies, based on the 31.12.2019 balance sheets with the facilitated merger method.

Gap Elektrik Dağıtım

As a result of the share transfer agreement signed on June 15, 2020, Çalık Holding A.Ş., Ahmet Çalık and Çalık Denim Tekstil San. ve Tic. A.Ş. left the partnership by transferring all the shares, corresponding to 99.98% of the company shares, to TCB İnşaat Yatırım A.Ş., one of the group companies. On 28.10.2020, Gap Elektrik Dağıtım merged under TCB İnşaat Yatırım A.Ş.

Gapvapı İnsaat

In 2020, Gap İnşaat A.Ş. took over 50,000 shares of Gapyapı İnşaat A.Ş. ("Gapyapı") free of charge, which is owned by its main shareholder, corresponding to 100% of its 50 TL paid-in capital.

Petrotrans Enerii

On 30.04.2020, Petrotrans Enerji merged with Çalık Holding A.Ş., based on the 31.12.2019 balance sheets with the facilitated merger method.

Sembol Enerji

On 31.01.2020, Sembol Enerji merged with Momentum Enerji Elektrik Üretim San. Ve Tic A.Ş., one of the group companies, based on the 31.12.2019 balance sheets with the facilitated merger method.

Calık Güneş Enerji

On 31.01.2020, Çalık Güneş Enerji merged with Momentum Enerji Elektrik Üretim San. Ve Tic A.Ş., one of the group companies, based on the 31.12.2019 balance sheets with the facilitated merger method.

Olimpos Solar

On 26.08.2020, Olimpos Solar merged with Momentum Enerji Elektrik Üretim San. Ve Tic A.Ş., one of the group companies, based on the 30.06.2020 balance sheets with the facilitated merger method.

Pasifik Solar

On 26.08.2020, Pasifik Solar merged with Momentum Enerji Elektrik Üretim San. Ve Tic A.Ş., one of the group companies, based on the 30.06.2020 balance sheets with the facilitated merger method.

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Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

4 Acquisition and disposals of subsidiary and non-controlling interest (continued)

4.2 Acquisitions of non-controlling interests with change in control during 2020

Akvarlar Enerii

On 13 July 2020, all of the shares of the company were sold to Best Brands Grup Enerji Yatırım A.Ş..

Albatros, Çöl Yıldızı, Deniz Yıldızı

On 31 October, all of the shares of Albatros, Çöl Yıldızı and Deniz Yıldız were sold to Yaprak Yenilenebilir Enerji Girişim Sermayesi Yatırım Fonu.

Energy Sabz Arman Pars, Enerji Sabz Pouya Pars

On April 26, 2020, Energy Sabz Arman Pars and Enerji Sabz Pouya Pars were liquidated

Gök Safir Solar, Kızılyıldızı Solar, Kuzey Yıldızı Solar, Olivin Solar, Sedef Solar, Seher Yıldızı, Yakut Solar, Zirkon Solar

On April 16, 2020, all of shares of Gök Safir Solar, Kızılyıldızı Solar, Kuzey Yıldızı Solar, Olivin Solar, Sedef Solar, Seher Yıldızı, Yakut Solar and Zirkon Solar were sold to Vonsteel Group A.Ş..

Hamerz Green Energy, Mayestan Clean Energy

On May 2, 2020, companies Hamerz Green Energy and Mayestan Clean Energy were liquidated.

Kadıkalesi İnşaat, Yalıkavak Enerji

On July 13, 2020, all shares of Kadıkalesi İnşaat and Yalıkavak Enerji company shares were sold to Best Brands Grup Enerji Yatırım A.Ş.

Kamelya Solar

On February 3, 2020, all the shares of the Kamelya Solar company were sold to real persons.

Kırlangıç Solar

On January 31, 2020, all the shares of the Kırlangıç Solar company were sold to real persons.

Olimpos Solar

On June 18, 2020, all of the preferred shares, corresponding to 26,58% of Olimpos Solar company shares, were sold to Momentum Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş..

Pasifik Solar

On June 18, 2020, all of the preferred shares, corresponding to 26,87% of Pasifik Solar company shares, were sold to Momentum Enerji Elektrik Üretim Sanayi ve Ticaret A.S..

Polimetal Madencilik

On January 3, 2020, Polimetal Madencilik Sanayi ve Ticaret A.Ş. shareholder Alacer Gold Madencilik A.Ş. transferred its shares to Lidya Madencilik San. ve Tic. A.Ş., and left the partnership.

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

4 Acquisition and disposals of subsidiary and non-controlling interest (continued)

4.3 Acquisitions of non-controlling interests without change in control during 2019

Çalık Gaz ve Petrol

On May 20, 2019, one of the Group's companies, Çalık Gaz ve Petrol A.Ş., merged under Çalık Holding with the facilitated merger method as of 31 December 2018.

Çalık Emlak ve Gayrimenkul

On 31 May 2019, 109.530.252 shares, corresponding to 100% of Çalık Emlak ve Gayrimenkul Yatırımları A.Ş.'s 109.530 TL paid-in capital, were merged with Gap İnşaat A.Ş. company by taking over together with their assets and liabilities according to the facilitated merger methods. As a result of this transaction, Çalık Holding A.Ş.'s share in Gap İnşaat A.Ş., which was 99.46, decreased to 98.90.

Çalık Güneş Enerji

In General Assembly Meetings of Çalık Gaz ve Petrol A.Ş. held on 20 May 2019, Çalık Gaz ve Petrol A.Ş. decided to merged with Çalık Holding A.Ş. As a result of this transaction Çalık Holding A.Ş.'s ownership interest increased to 0,25 % from 99,75% in Çalık Güneş Enerji Üretim A.Ş.. As a result of the general assembly held on 2 December 2020, Çalık Holding A.Ş. has transferred its shares corresponding to 99,75% to Momentum Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş.

Calık Enerji Elektrik

Çalık Enerji Elektrik Üretim ve Madencilik A.Ş., one of the Group companies, merged with Çalık Enerji on 31 October 2019, based on its balance sheets dated 31 October 2019, with a facilitated merger method.

Doğu Akdeniz

On 11 October 2019, Doğu Akdeniz Petrokimya ve Rafineri Sanayi ve Ticaret A.Ş., one of the Group companies, merged within Çalık Holding on the basis of its balance sheets dated 11 October 2019, with a facilitated merger method.

Çalık Solar Enerji

As a result of the general assembly held by Çalık Gaz ve Petrol A.Ş. on May 20, 2019, it was decided to merge Çalık Gaz ve Petrol A.Ş. with Çalık Holding A.Ş.. As a result of this transaction, Çalık Holding A.Ş. increased its share in Çalık Solar Enerji A.Ş. from 1,00% to 97,50%.

Olimpos Solar

As a result of the general assembly held by Olimpos Solar Enerji Üretim A.Ş. on December 3, 2019, Emlak Girişim Danışmanlığı A.Ş. transferred all shares corresponding to 73,42% of the company's shares to Momentum Enerji Elektrim Üretim Sanayi ve Ticaret A.Ş.

Pasifik Solar

As a result of the general assembly held by Pasifik Solar Enerji Üretim A.Ş. on December 3, 2019, Emlak Girişim Danışmanlığı A.Ş. transferred all shares corresponding to 73,13% of the company's shares to Momentum Enerji Elektrim Üretim Sanayi ve Ticaret A.Ş.

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Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

4 Acquisition and disposals of subsidiary and non-controlling interest (continued)

4.4 Acquisitions of non-controlling interests with change in control during 2019

Calık Petrol

On September 2, 2019, all shares corresponding to 80% of the company's shares were sold to third parties and the company was out of the group.

Aktif Halk Enerji

On June 21, 2019, all shares corresponding to 50% of the company's shares were sold to Halk Enerji Yatırımları Üretim İnşaat Taahhüt Ticaret ve Sanayi Anonim Şirketi.

IFM

On January 3, 2019, all shares corresponding to 5% of the company's shares were sold to Akdeniz İnşaat ve Eğitim Hizmetleri Anonim Sirketi.

Kumtaşı Solar

On December 25, 2019, all of the company's shares were sold to Mükafat Portföy Yönetimi Anonim Şirketi Yaprak Yenilenebilir Enerji Girişim Sermayesi Yatırım Fonu.

Synergy Marketing, Granite Holding, TAPCO

Synergy Marketing, Granite Holding and TAPCO companies were liquidated on 30 November, 31 October and 12 November respectively.

5 Discontinued operation and disposal group held for sale

The Group reclassified assets and liabilities of Çalık Alexandria operating in textile sector as "Assets held for sale" as the Group plans to dispose its production and retail facilities of this subsidiary. All assets and liabilities of this subsidiary except the cash and cash equivalents have been classified as "Assets held for sale" and "Liabilities held for sale" in the consolidated financial statements, respectively. In addition, properties acquired as a result of legal proceedings of uncollectable loans and receivables of banking sector operations have been re-presented under "Assets held for sale".

As at 31 December 2020, assets and liabilities including those of discontinued operations are USD 60.678 and USD 11.896 (31 December 2019: USD 55.607 and USD 8.352), respectively, and details are as follows:

Assets held for sale	31 December 2020	31 December 2019
Property, plant and equipment (*)	53.602	50.926
Inventories	4.884	4.177
Intangible assets	26	30
Other assets	2.166	474
	60.678	55.607

Liabilities held for sale	31 December 2020	31 December 2019
Trade payables	11.805	8.352
Other liabilities	91	
	11.896	8.352

^(*) Property, plant and equipment consists of properties classified as held for sale of the subsidiaries in textile sector amounting to USD 9.584 (31 December 2019: USD 9.059), land and buildings with a carrying value of USD 1.067 (31 December 2019: USD 679) obtained against the doubtful receivables in marketing sector and properties amounting to USD 42.951 (31 December 2019: USD 41.188) which were acquired as a result of legal proceedings of uncollectable loans and receivables of banking sector operations.

Calık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (continued)

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Operating segments

The Group has six reportable segments, as described below, which are largely organised and managed separately according to the nature of products and services provided, distribution channels and profile of customers.

Assets, liabilities, profit and measurement of financial results of the segments are dependent to accounting policies of the Group. Segment operating profit, assets and liabilities consist of items directly belonging to these segment or items that can be distributed fairly.

The Group's main reportable operating segments are as follows:

Energy: Entities in energy segment operate in sale of electricity, operation of natural gas and crude oil resources, exploration-production of these resources and sale and transportation of these resources to international markets.

Construction: Entities in construction segment are operating in construction, contracting and decoration businesses both within Turkey and abroad. In addition, these entities are managing mining of all kinds of minerals, marble, lime, clay, coal and stone if the necessary permits are granted and trading of marble, store cutting machines with its spare parts, ceramic floor and wall tiles both within the country and abroad. These entities are also providing services for land development and project development services for urban renewal, office residential and housing markets.

Textile: Entities in textile segment mainly deal with production and trading activities of yarn, texture and ready wear besides providing consulting services related to importation and exportation of cotton.

Marketing: Entities in marketing segment mainly import and export textile and textile supply products.

Telecommunication: Entities in telecommunication segment mainly provides telecommunication, communication, press and internet services.

Banking and finance: Entities in banking and finance segment mainly provides commercial and investment banking, financial leasing, insurance, project financing, other financial services, trading of marketable securities and credit financial services.

Other: Entities in other segment mainly engage in mining, aviation, cotton trade, digital service and other services.

Çalık Holding Anonim Şirketi and its SubsidiariesNotes to Consolidated Financial Statements
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Operating segments (continued)

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and joint applied for subsidiaries, The following information was prepared according to the accounting policies

					2020				
	Energy	Construction	Textile	Marketing	Tele- communication	Banking and finance	Others	Eliminations	Total
Revenue	795.707	260.785	163.209	44.981	66.178	552.452	23.976	(83.406)	1.823.882
Gross profit	312.859	6.262	44.502	4.519	23.879	334.027	14.785	(39.093)	701.740
Other income/(costs), net	(95.797)	(22.198)	(13.726)	(8.116)	(20.700)	(154.451)	(31.968)	24.993	(321.963)
Results from operating activities	217.062	(15.936)	30.776	(3.597)	3.179	179.576	(17.183)	(14.100)	379.777
Gain /(loss) from investing activities	3.702	(36.092)	984	6	(1.452)	13.950	251.856	(155.678)	77.279
Share of the after tax to profit (loss) of equity accounted	36.832	;	i	;	!	(1.388)	(3.097)	;	32.347
Interest expense	(10.208)	(19.639)	(29.866)	(5.822)	(7.644)	(5.310)	(58.477)	31.749	(105.217)
Other finance income/(cost), net	528	14.369	(26.995)	4.454	(3.924)	(4.983)	67.300	(9.154)	41.595
Consolidated profit / (loss) before tax	247.916	(57.298)	(25.101)	(4.956)	(9.841)	181.845	240.399	(147.183)	425.781
Income tax benefit / (expense)	(21.116)	13.838	962	154	(21)	(40.166)	(10.697)	(1.137)	(58.183)
Net profit/(loss) for the year	226.800	(43.460)	(24.139)	(4.802)	(9.862)	141.679	229.702	(148.320)	367.598

					Tele-	Banking and			
	Energy	Energy Construction	Textile	Marketing	communication	finance	Other	Other Eliminations	
Segment assets	1.113.377	1.041.503	302.433	118.359	302.433 118.359 250.578	7.968.868	1.346.355	(1.665.981)	10.475
Segment liabilities	(466.165)	(754.049)	(283.871)	(77.510)	(209.141)	(7.021.916)	(587.065)	817.652	(8.582.
Capital expenditure (*)	24.829	2.396	10.172	42	10.774	21.262	11.596	l	œ
Depreciation and amortization (*)	(16.624)	(9.855)	(10.160)	(294)	(13.389)	(16.203)	(2.035)	481	(68

Çalık Holding Anonim Şirketi and its Subsidiaries
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Operating segments (continued)

					7019				
	I		:	;	Tele-	Banking and			
	Energy	Construction	Textile	Marketing	communication	finance	Others	Eliminations	Lotal
Revenue	772.535	218.998	196.488	63.855	71.577	626.027	37.521	(164.864)	1.822.137
Gross profit	266.495	36.736	48.013	7.438	27.492	280.624	28.915	(50.023)	645.690
Other income/(costs), net	(86.141)	(7.840)	(23.089)	(8.120)	(22.775)	(178.234)	(17.247)	14.966	(328.480)
Results from operating activities	180.354	28.896	24.924	(682)	4.717	102.390	11.668	(35.057)	317.210
Gain /(loss) from investing activities	5.705	10.091	(84)	13	(269)	52.958	268.216	(230.781)	105.849
Share of the after tax to profit/(loss) of equity accounted	40.845	1	:	ŀ	;	(1.709)	4.209	(3)	43.342
Interest expense	(11.885)	(5.988)	(26.060)	(4.604)	(9.214)	(2.533)	(86.382)	13.388	(133.278)
Other finance income/(cost), net	(6.021)	39	(17.490)	458	403	8.071	24.467	(742)	9.185
Consolidated profit / (loss) before tax	208.998	33.038	(18.710)	(4.815)	(4.363)	159.177	222.178	(253.195)	342.308
Income tax benefit / (expense)	(11.643)	(2.781)	6.201	291	(823)	(29.282)	(5.610)	4.188	(39.459)
Net profit/(loss) for the year	197.355	30.257	(12.509)	(4.524)	(5.186)	129.895	216.568	(249.007)	302.849

·	Total	9.917.384	(8.282.059)	141.801	(73.509)
	Eliminations	(1.890.549)	1.015.761	(3.699)	(382)
	Other	1.351.354	(805.004)	14.378	(2.611)
Banking and	finance	7.451.321	(6.575.153)	56.874	(16.437)
Tele-	com munication	240.217	(192.037)	20.618	(13.402)
;	Textile Marketing	135.889	(92.972)	20	(186)
į	Textile	350.469	(298.715)	30.000	(10.485)
	Construction	1.094.123	(756.235)	4.293	(11.345)
	Energy	1.184.560	(577.704)	19.317	(18.661)
		Segment assets	Segment liabilities	Capital expenditure (*)	Depreciation and amortization (*)

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Calık Holding Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2020

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Operating segments (continued)

Distribution of the non-current assets and revenue balances by geographic divisions where the Group operates in, are as follows:

	2020	2019
Revenue		
Turkey	1.114.211	1.163.911
Albania	239.107	234.735
Turkmenistan	134.320	118.983
Other	336.244	304.508
	1.823.882	1.822.137
Non-current Assets		
Albania	2.901.584	2.225.759
Turkey	2.046.163	1.925.971
Turkmenistan	20.661	26.776
Other	379.700	369.680
	5.348.108	4.548.186

Related party disclosures

As disclosed in detail in Note 3, the joint ventures and associates of the Group have been accounted for using the equity method in the consolidated financial statements. Accordingly, the transactions of Group's subsidiaries with joint ventures and the balances from joint ventures and associates are not subject to elimination.

Related party balances

As at 31 December, the Group had the following balances outstanding from its related parties:

, ,			•		
			2020		
	Shareholders	Associates	Joint ventures	Other	Total
Trade receivables		17.358	1.714	59.398	78.470
Other receivables (*)	328.932		4.835	36.111	369.878
Receivables related to finance sector operations		24		3.460	3.484
Prepaid expenses		5.699		22	5.721
Borrowings		(175.217)		(1.420)	(176.637)
Trade payables			(436)	(12.259)	(12.695)
Payables related to finance sector operations	(193)	(8)	(1.581)	(28.504)	(30.286)
Deferred revenue		(1)	(6.577)	(27)	(6.605)
Other payables	(13.984)		(3.233)	(6.581)	(23.798)
Total	314.755	(152.145)	(5.278)	50.200	207.532

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

7 Related party disclosures (continued)

			2019		
	Shareholders	Associates	Joint ventures	Other	Total
Trade receivables		21.912	1.496	25.799	49.207
Other receivables (*)	320.266	149	1.535	44.590	366.540
Receivables related to finance					
sector operations		108		2.953	3.061
Prepaid expenses		2.549		6.385	8.934
Borrowings		(121.206)		(267)	(121.473)
Trade payables		(2.033)	(823)	(900)	(3.756)
Payables related to finance					
sector operations	(86)	(10)	(141)	(695)	(932)
Deferred revenue		(1)	(29)	(10.372)	(10.402)
Other payables	(24.381)		(25)	(3.413)	(27.819)
Total	295.799	(98.532)	2.013	64.080	263.360

^(*) As of 31 December 2020, USD 320.000 (31 December 2019: USD 320.000) of the other receivables from the shareholders consist of the receivable of the GAP Construction Dubai FZE from Delta Netherlands B.V.

No impairment losses have been recognised against balances outstanding as at 31 December 2020 (31 December 2019: None) and no specific allowance has been made for impairment losses on balances with the related parties.

As at 31 December, the Group had the following transaction with its related parties:

			2020		
	Shareholders	Associates	Joint ventures	Other	Total
Revenue*	93	14.560	6.862	87.329	108.844
Cost of sales		(11.319)	(1.263)	(807)	(13.389)
General and administrative expenses	(160)	(44)	(22)	(151)	(377)
Sales, marketing and distribution expenses				(2.194)	(2.194)
Gain from investing activities		2.272	6.116	23.709	32.097
Other Income/(expense) from operating activities		134	572	(38)	668
Income/(expense) from financing activities	799	(12.766)	(260)	(353)	(12.580)
Total	732	(7.163)	12.005	107.495	113.069

			2019		
	Shareholders	Associates	Joint ventures	Other	Total
Revenue*	23	28.167	3.024	217.488	248.702
Cost of sales		(19.526)	(132)	(26.001)	(45.659)
General and administrative expenses	(40)	(44)	(231)	(181)	(496)
Sales, marketing and distribution expenses				(3)	(3)
Other Income/(expense) from operating activities		(2)	694	(490)	202
Income/(expense) from financing activities	1.124	(8.699)	1.307	(159)	(6.427)
Total	1.107	(104)	4.662	190.654	196.319

^(*) As of 31 December 2020, USD 30.076 (31 December 2019: USD 215.804) of the revenue is composed of the operations of Çalık Enerji, which consists of the arising from subcontractor activities in Iraq and Uzbekistan for Mitsubishi Corporation.

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Calık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

7 Related party disclosures (continued)

Transactions with key management personnel

On a consolidated basis, key management costs included in general and administrative expenses for the year ended 31 December 2020 amounted to USD 22.724 (2019: USD 24.671).

8 Cash and cash equivalents

At 31 December, cash and cash equivalents comprised the following:

2020	Finance(*)	Non-finance(**)	Total
Cash on hand	77.113	465	77.578
Cash at banks	586.896	138.381	725.277
-Time deposits	340.935	54.608	395.543
-Demand deposits	245.961	83.773	329.734
Balances at central bank (excluding statutory reserve)	70.288		70.288
Other cash and cash equivalents (***)	14.848	9.496	24.344
Cash and cash equivalents	749.145	148.342	897.487
Restricted amounts	(22.166)	(30.343)	(52.509)
Cash and cash equivalents in the consolidated statement of cash flows	726.979	117.999	844.978

2019	Finance ^(*)	Non-finance(**)	Total
Cash on hand	82.141	504	82.645
Cash at banks	1.168.286	260.438	1.428.724
-Time deposits	635.383	160.766	796.149
-Demand deposits	532.903	99.672	632.575
Balances at central bank (excluding statutory reserve)	10.579		10.579
Other cash and cash equivalents (***)	232.108	121	232.229
Cash and cash equivalents	1.493.114	261.063	1.754.177
Restricted amounts	(44.307)	(64.191)	(108.498)
Cash and cash equivalents			<u>. </u>
in the consolidated statement of cash flows	1.448.807	196.872	1.645.679

^(*) Finance represents the Group's entities operating in banking and finance business.

As at 31 December 2020, restricted cash in cash equivalents amounting to USD 52.509 (31 December 2019: USD 108.498) is not available in the Group's day-to-day operations. Amount of USD 4.722 of the restricted amounts (31 December 2019: USD 639) is related to the mandatory bank deposits at a bank in Georgia for a maintenance contract, amount of USD 17.433 are held in domestic banks as security for the outstanding bank loans (31 December 2019: USD 59.756), amount of USD 18 comprises of the court-restricted amount on expropriation cases (31 December 2019: USD 22), and amount of USD 3.233 consists of blocked amounts consisting of online collections (31 December 2019: None.). The remaining restricted cash balance of USD 4.937 (31 December 2019: USD 3.774) mainly comprised of cash security given to Istanbul Takas ve Saklama Bankası Anonim Şirketi for the electricity purchases from Market Financial Settlement Center ("PMUM").

The mandatory restricted account amounting to USD 22.166 (31 December 2019: USD 44.307). These amounts arising from the Group's banking activities in Albania and Turkey.

^(**) Non-finance represents the Group's entities operating in businesses other than banking and finance.

^(***) Other cash and cash equivalents mainly consist of receivables reverse repo transaction amounting to USD 13.630 (31 December 2019: USD 227.648), liquid funds to USD 9.350 (31 December 2019: None), money in transit amounting to USD 120 (31 December 2019: USD 110) and credit card receivables amounting to USD 1.244 (31 December 2019: USD 1.012). As of 31 December 2020, there is no receivable from money markets (31 December 2019: USD 3.459).

Calık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

9 Financial investments

At 31 December, financial investments comprised the following:

		2020	
		Non-	
	Current	current	Total
Financial assets at FVTOCI	1.315.933	1.458.820	2.774.753
Financial assets at FVTPL (*)	265.200	27.447	292.647
Financial assets at amortised costs	111.628	122.883	234.511
	1.692.761	1.609.150	3.301.911

		2019	
		Non-	
	Current	current	Total
Financial assets at FVTOCI	996.683	1.072.655	2.069.338
Financial assets at FVTPL (*)	197.600	30.506	228.106
Financial assets at amortised costs	88.881	61.871	150.752
	1.283.164	1.165.032	2.448.196

^(*) As at 31 December 2020 and 2019, equity securities in Anagold Madencilik Sanayi ve Ticaret Anonim Şirketi which is classified as equity securities at fair value through profit or loss were valued for the consolidated financial statements. These investments are valued periodically by an independent valuation firm by using discounted cash flow method. As at 31 December 2020, an increase in fair value for this investment amounting to USD 64.428 (31 December 2019: USD 22.753) has been recognised under "Gain from investing activities" in profit or loss due to valuation of equity securities at fair value through profit or loss after in the tax effect.

As of the reporting date, 50 basis point increase/decrease in the discount rate used in the valuation of discounted cash flows of the financial asset at fair value through profit or loss would have decreased/increased the profit before tax by USD 2.069 / USD 2.275 (31 December 2019: USD 2.609 / USD 4.817), respectively.

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As at and for the Year Ended 31 December 2020

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9 Financial investments (continued)

Financial assets at FVTOCI and ve Financial assets at FVTPL

As at 31 December, financial assets at FVTOCI and ve financial assets at FVTPL comprised the following:

	2020	2019
	Carrying	Carrying
	Amount	<u>amount</u>
Public sector bonds, notes and bills	1.776.262	1.584.906
Private sector bonds, notes and bills	603.279	259.694
Asset backed securities and lease certificates	304.010	140.226
Investment funds	68.241	68.256
Equity securities – listed	18.492	15.400
Equity securities – non-listed		
Anagold Madencilik Sanayi ve Ticaret Anonim Şirketi	265.200	197.600
Bursagaz Bursa Şehiriçi		
Doğal Gaz Dağıtım Ticaret ve Taahhüt Anonim Şirketi	15.194	18.990
Kayserigaz Kayseri Doğalgaz		
Dağıtım Pazarlama Ticaret Anonim Şirketi	12.253	11.516
Other	4.469	856
Balance at 31 December	3.067.400	2.297.444

Financial assets measured at cost that are not traded in an active market

As at 31 December 2020, investments in equity securities amounting to USD 4.469 (31 December 2019: USD 856) are measured at cost less impairment, if any, as these equity securities are not traded in stock exchange and have no quoted market price, and therefore their fair value cannot be reliably estimated since there is significant variability in the range of reasonable fair value estimates and the probabilities of the various estimates within the range cannot be assessed reasonably.

Held to maturity financial investments

At 31 December, held to maturity financial investments comprised the following:

	2020	2019
	Carrying <u>Amount</u>	Carrying <u>Amount</u>
Financial investments of finance sector companies' entities		
Private sector bonds, notes and bills	130.116	44.793
Public sector bonds, notes and bills	49.581	45.413
Asset backed securities and lease certificates	48.897	46.855
Other	5.917	13.691
Total	234.511	150.752

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Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 December 2020

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9 Financial investments (continued)

The movements in financial investments during the year ended 31 December 2020 were as follows:

	Financial assets	Financial assets	Financial assets
	at FVTOCI	at amortised costs	at FVTPL
At 1 January 2020	2.069.338	150.752	228.106
Additions through purchases	1.438.764	104.036	
Fair value gains/ (losses)	45.782	1.632	64.428
Disposals (sale and redemption)	(723.170)	(23.357)	
Impairment	(7.234)	(585)	
Foreign currency translation differences	(48.727)	2.033	113
At 31 December 2020	2.774.753	234.511	292.647

The movements in financial investments during the year ended 31 December 2019 were as follows:

	Financial assets	Financial assets	Financial assets
	at FVTOCI	at amortised costs	at FVTPL
At 1 January 2019	1.650.804	259.422	201.736
Additions through purchases	942.389	44.488	
Fair value gains/ (losses)	71.082	1.711	22.753
Disposals (sale and redemption)	(522.984)	(129.343)	
Impairment	(4.397)	(189)	
Foreign currency translation differences	(67.556)	(25.337)	3.617
At 31 December 2019	2.069.338	150.752	228.106

The Group's exposure to credit, currency and interest rate risks related to investment securities are disclosed in Note 36.

10 Financial assets related to concession agreements

As at 31 December, Financial assets related to concession agreements comprised the following:

	2020	2019
Current financial assets related to concession agreements	60.150	48.974
Non-current financial assets related to concession agreements	194.309	242.083
	254.459	291.057

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Calık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 December 2020

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10 Financial assets related to concession agreements (continued)

Movements of Financial assets related to concession agreements for the years ended 31 December were as follows:

	31.Dec.20	31.Dec.19
Financial asset at the beginning of the period	291.057	329.395
Investments during the year	49.580	24.896
Collections	(69.378)	(69.209)
Principal collections	(41.546)	(40.176)
Financial income collections	(27.832)	(29.033)
Financial income	51.102	33.155
Fair value difference and other corrections	(5.184)	10.457
Transfers to property, plant and equipment	(6.284)	
Foreign currency translation differences	(56.434)	(37.637)
End of Period Financial asset	254.459	291.057

As at 31 December 2020, the maturity breakdown of the financial assets related to concession agreements:

	31.Dec.20	31.Dec.19
Up to 1 year	60.150	48.974
Up to 1 - 3 years	96.454	73.117
Up to 3 - 5 years	67.915	100.081
Over 5 years	29.940	68.885
Total	254.459	291.057

11 Trade receivables and payables

Trade receivables

Short-term trade receivables

As at 31 December, short-term trade receivables comprised the following:

	2020	2019
Due from related parties	76.624	46.927
Due from third parties	318.145	283.399
	394.769	330.326

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11 Trade receivables and payables (continued)

Trade receivables (continued)

Short-term trade receivables (continued)

As at 31 December, short-term trade receivables comprised the following:

	2020	2019
Accounts receivables	362.310	286.571
Doubtful receivables	58.890	54.238
Notes receivables (*)	30.285	40.242
Postdated cheques received	2.112	2.597
Other trade receivables	132	944
	453.729	384.592
Allowances for doubtful trade receivables (-)	(58.890)	(54.238)
Discount on trade receivables (-)	(70)	(28)
Total	394.769	330.326

^(*) As of December 31, 2020, USD 24.868 of notes receivable consists of notes received from Çalık Denim's commercial activities (31 December 2019: USD 30.580).

Movements of allowance for doubtful receivables for the year ended at 31 December were as follows:

	2020	2019
Balance at 1 January	54.238	53.599
Allowance for the period	11.372	8.376
Collections (-)	(1.338)	(2.259)
Canceled allowance for the period (-)	(2.176)	(3.883)
Foreign currency translation difference	(3.206)	(1.595)
Total	58.890	54.238

Long-term trade receivables

As at 31 December, long-term trade receivables comprised the following:

	2020	2019
Due from related parties	1.846	2.280
Due from third parties	33.561	96.337
	35.407	98.617

As at 31 December, long-term trade receivables comprised the following:

	2020	2019
Accounts receivables	35.422	98.629
	35.422	98.629
Discount on trade receivables (-)	(15)	(12)
Total	35.407	98.617

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11 Trade receivables and payables (continued)

Trade payables

Short-term trade payables

	2020	2019
Due to related parties	12.695	3.756
Due to third parties	257.465	252.575
Total	270.160	256.331
	2020	2019
Accounts payables (*)	256.542	222.514

2020	2019
256.542	222.514
9.119	23.326
4.499	10.491
270.160	256.331
	256.542 9.119 4.499

^(*) Accounts payables mainly consists of payables to suppliers of material and equipment for the EPC projects and payables to the subcontractors for the ongoing construction projects.

Long-term trade payables

As at 31 December, long-term trade payables comprised the following:

	2020	2019
Accounts payables	5.407	8.959
Total	5.407	8.959
Discount on accounts payables (-)	(521)	
Total	4.886	8.959

The Group's exposure to credit and currency risks related to trade receivables and liquidity and currency risks of trade payables are disclosed in Note 36.

12 Receivables and payables related finance sector operations

Receivables related finance sector operations

As at 31 December, current receivables related to finance sector activities comprised the following:

Current receivables related to finance sector operations	2020	2019
Due from related parties	3.480	3.061
Due from third parties	644.865	641.646
Total	648.345	644.707
Receivables related to finance sector operations	2020	2019
Loans and receivables from customers	476.434	571.109
Loans and receivables from banks	174.336	60.608
Non-performing loans and receivables	43.408	53.289
Subtotal	694.178	685.006
Provision for impairment in value of		
loans and receivables	(45.833)	(40.299)
Total	648.345	644.707

Calık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 December 2020

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12 Receivables and payables related finance sector operations (continued)

Receivables related finance sector operations (continued)

As at 31 December, non-current receivables related to finance sector activities comprised the following:

Non-current receivables related to finance sector operations	2020	2019
Due from related parties	4	
Due from third parties	1.964.337	1.478.473
Total	1.964.341	1.478.473
Receivables related to finance sector operations	2020	2019
Loans and receivables from customers	1.959.615	1.467.915
Loans and receivables from banks	86.570	68.705
Subtotal	2.046.185	1.536.620
Provision for impairment in value of		
loans and receivables	(81.844)	(58.147)
Total	1.964.341	1.478.473

Movements of provision for impairment in value of loans and receivables for the years ended 31 December were as follows:

	2020	2019
Su asidia allaman asa fan immairm and		
Specific allowances for impairment	00.450	04 153
Balance on 1 January	88.459	84.172
Impairment loss for the year	28.132	14.431
- Charge for the year	34.497	37.086
- Recoveries	(6.365)	(22.655)
Translation difference	(4.682)	(10.144)
Balance on 31 December	111.909	88.459
Collective allowances for impairment		
Balance on 1 January	9.987	10.381
Impairment loss for the year	8.056	830
- Charge for the year	10.837	4.697
- Recoveries	(2.781)	(3.867)
Translation difference	(2.275)	(1.224)
Balance on 31 December	15.768	9.987
Total allowances for impairment	127.677	98.446

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Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 December 2020

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12 Receivables and payables related finance sector operations (continued)

Payables related to finance sector operations

As at 31 December, short-term payables related to finance sector operations comprised the following:

Short term payables related to		-
finance sector operations	2020	2019
Due to related parties	30.286	932
Due to third parties	4.748.535	3.964.030
Total	4.778.821	3.964.962

As at 31 December, short-term payables to third parties comprised the following:

Short term payables related to		
finance sector operations	2020	2019
Due to banks	38.907	35.972
Time deposits	38.338	27.420
Current accounts	569	8.552
Due to customers	3.481.347	2.960.754
Individual	2.689.892	2.360.156
Private enterprises	601.775	461.697
Public institutions	113.766	87.965
Other	75.914	50.936
Customer accounts (*)	489.924	311.044
Funds from repo transactions	768.643	657.192
Total	4.778.821	3.964.962

^(*) The Group's banking subsidiary in Turkey is not entitled to collect deposits. The customer accounts represent the transitory balances of loan customers for the respective transactions. As at 31 December 2020, this account does not include any deposit amount (31 December 2019: None).

As at 31 December, long-term payables related to finance sector operations comprised the following:

Long term payables related to finance sector operations	2020	2019
Payables from finance sector activities to third parties	500.758	448.111
Total	500.758	448.111
Long term payables related to finance sector operations	2020	2019
Due to customers		
Individual	467.585	407.022
Private enterprises	32.964	23.590
Public institutions		16.492
Other	209	1.007
Total	500,758	448.111

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Consolidated Statement of Cash Flows (continued)

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13 Other receivables and other payables

Other short-term receivables

As at 31 December, other short-term receivables comprised the following:

	2020	2019
Due from related parties	49.873	46.540
Due from third parties	178.739	182.756
Total	228.612	229.296

As at 31 December, other short-term receivables comprised the following:

	2020	2019
Deposits and guarantees given	118.238	117.094
Due from shareholders	8.932	266
Receivables from tax authorities	8.345	4.760
Due from joint ventures	4.835	1.535
Due from associates		149
Receivables from personnel	120	14
Other receivables	96.196	108.823
	236.666	232.641
Allowance for other doubtful receivables (-)	(8.054)	(3.345)
Total	228.612	229.296

Other long-term receivables

As at 31 December, other long-term receivables comprised the following:

	2020	2019
Due from related parties	320.005	320.000
Due from third parties	5.995	7.171
Total	326.000	327.171

As at 31 December, other long-term receivables comprised the following:

	2020	2019
Due from shareholders	320.000	320.000
Deposits and guarantees given	3.192	3.456
Other receivables	2.587	3.488
Receivables from personnel	221	227
Total	326.000	327.171

Other short-term payables

As at 31 December, other short-term payables comprised the following:

2020	2019
23.798	27.819
29.996	35.098
53.794	62.917
	23.798 29.996

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Calık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (continued)

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(Amounts expressed in thousands of USD unless otherwise stated.)

3 Other receivables and other payables (continued)

Other short-term payables (continued)

As at 31 December, other short-term payables comprised the following:

	2020	2019
Deposits and guarantees received	17.240	20.814
Due to shareholders	13.984	24.381
Due to joint ventures	3.233	25
Other payables	19.337	17.697
Total	53.794	62.917

Other long-term payables

As at 31 December, other long-term payables comprised the following:

	2020	2019
Due to third parties	52.554	48.254
	52.554	48.254

As at 31 December, other long-term payables to third parties comprised the following:

	2020	2019
Deposits and guarantees received (*)	39.545	41.917
Other	13.009	6.337
Total	52.554	48.254

^(*) As at 31 December, the deposits and guarantees received mainly consist of security deposits received by the electricity distribution and retail sale companies of the Group from their consumers.

14 Inventories

As at 31 December, inventories comprised the following:

	2020	2019
Trading properties (*)	101.559	107.496
Raw materials	61.935	60.313
Trading goods	43.649	30.727
Finished goods	20.335	23.611
Semi finished goods in production	7.085	11.285
Other inventories	1.172	1.179
Allowance for impairment of inventories (-)	(6.962)	(5.229)
Total	228.773	229.382

^(*) Trading properties comprise residential and office buildings built for available for sale within the scope of the "Taksim 360" project in Istanbul with a completion period of no longer than 48 months. As at 31 December 2020, the Group capitalised borrowing costs amounting to USD 72.725 (accumulated) on trading properties under development (31 December 2019: USD 48.035 (accumulated)).

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Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 December 2020

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14 Inventories (continued)

Movements of provision for inventories for the year ended at 31 December were as follows:

	2020	2019
Beginning balance	5.229	4.679
Current year provision	1.709	702
Translation difference	24	(152)
	6.962	5,229

15 Prepayments and deferred revenue

Current prepayments

As at 31 December, current portion of prepayments comprised the following:

	2020	2019
Advances given (*)	80.907	32.810
Other	37.044	14.115
Total	117.951	46.925

^(*) Advances given mainly consists of advances given to suppliers and service providers for ongoing EPC projects.

Non-current prepayments

As at 31 December, non-current prepayments comprised the following:

	2020	2019
Advances given for property, plant and equipment acquisitions	864	1.856
Other (*)	77.584	25.783
Total	78.448	27.639

^(*) The other non-current prepayments mainly consist of the payment made to football clubs and Turkish Football Federation ("TFF") amounting to USD 7.834 (31 December 2019: USD 14.107) according to respective agreement.

Short term deferred revenue

As at 31 December, short-term portion of deferred revenue comprised the following:

Short term deferred revenue	2020	2019
Advances received (*)	94.403	35.763
Short term deferred income	30.275	41.661
Total	124.678	77.424

As at 31 December, long term deferred revenue comprised the following:

Long term deferred revenue	2020	2019
Long term deferred income (**)	93.083	91.735
Total	93.083	91.735

^(*) Advances received are composed of the contract advances received from Türkmenenergo Döwlet Elektroenerget within the scope of the TFM project undertaken by the Group, West African Energy SA within the scope of the SNC project undertaken by the Group and from Mitsubishi Corporation within the scope of the BSR project undertaken by the Group in Iraq.

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Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

16 Investments in equity-accounted investees

i) Joint ventures

KCLE

KÇLE was established as a joint venture with a joint agreement between ÇEDAŞ, Çalık Enerji and Limak Yatırım on 17 September 2012 with the participation of these three companies by 25 percent, 25 percent and 50 percent, respectively, in the share capital of KÇLE. On 8 May 2013, KÇLE purchased all shares of the state-owned enterprise namely Kompania Per Distribuim Dhe Fumizim Me Energji Elektrike SH.A ("KEDS") which is operating in electricity distribution and procurement in Kosovo for a consideration of USD 29.038 (equivalent of EUR 26.300) within the scope of a tender in the privatisation process initiated by the Government of Republic of Kosovo.

As per Share Transfer Agreement dated 27 April 2015, Çalık Enerji acquired 1.250 number of shares of KÇLE with a nominal value of EUR 12 held by ÇEDAŞ for a total consideration of EUR 17.475 and increased its ownership percent from 25.00 percent to 50.00 percent.

Doğu Aras

Doğu Aras was founded in accordance with energy market regulations as a joint venture with a joint agreement between ÇED and Kiler Alışveriş on 5 May 2013 with the participation of these two companies by 50 percent and 50 percent, respectively, for the purpose of establishing and participating to the companies that are engaged in distribution, retail and wholesale of electricity energy and/or capacity, assigning management of these established and participated companies, providing consultancy services on technical, financial, information processing and human resources management issues and making industrial and commercial investments through this companies.

On 28 June 2013, Doğu Aras purchased all shares of EDAŞ and EPAŞ which were previously state owned companies operating in electricity distribution and procurement in cities Kars, Ardahan, Iğdır, Ercincan, Ağrı, Bayburt and Erzurum within the privatisation by paying an amount of USD 128.500 as a result of a tender in the privatisation process.

LC Electricity

LC Electricity was established on 3 July 2014 in Serbia as a joint venture with a joint agreement between Türkmen Elektrik and Limak Yatırım with the participation of these two companies equally by 50 percent. The purpose of LC Electricity is trading electricity and sales/purchases of goods and services as part of this operation.

<u>Kartaltepe</u>

Kartaltepe was established in 2011 as a wholly owned subsidiary of YAMAS. Kartaltepe is registered in Ankara, Turkey and is engaged in the operation of mining in Erzincan region. As at reporting date, Kartaltepe is a joint venture of Lidya Madencilik Sanayi ve Ticaret Anonim Şirketi ("Lidya Maden") and YAMAS with an ownership structure of 50 percent and 50 percent, respectively.

Polimetal

Polimetal was incorporated in 2011 as a wholly owned subsidiary of Yeni Anadolu Mineral Madencilik Sanayi ve Ticaret Ltd. Şti. ("YAMAS"). Polimetal is registered in Ankara, Turkey and is engaged in the development and operation of mining assets. On 03.01.2020 Alacer Gold Madencilik A.Ş. left the partnership by transferring its shares to Lidya Maden and Lidya Maden's share in the company increased from 50% to 100%.

^(**) As at 31 December, USD 91.470 of deferred revenue was mainly due to real estate development and contracting projects of the Group's subsidiaries operating in the construction and real estate sectors (31 December 2019: USD 91.079).

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

16 Investments in equity-accounted investees (continued)

i) Joint ventures (continued)

Investments in equity-accounted joint ventures and the Group's share of control as follows:

	31 December	er 2020	31 December	r 2019
Joint ventures	Carrying value	% of ownership	Carrying value	% of ownership
Assets	102.002	50.00	100.021	5 0.00
KÇLE	102.002	50,00	100.831	50,00
Doğu Aras	101.723	50,00	68.570	50,00
Polimetal			7.880	50,00
Tunçpınar	1.162	50,00	1.450	50,00
Kartaltepe	3.860	50,00	9.176	50,00
Çalık Limak Adı Ortaklığı	1.785	50,00	524	50,00
LC Electricity	10	50,00	10	50,00
	210.542		188.441	

For the years ended 31 December, the movements in net investments in joint ventures were as follows:

	2020	2019
Balance at 1 January	188.441	140.214
Share of profit of equity accounted investees	33.735	45.053
Translation difference	(1.913)	1.945
Share capital increases	179	1.229
Change in associate share	(6.684)	
Dividend distribution	(3.216)	
Balance at 31 December	210.542	188.441

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Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 December 2020

(Amounts expressed in thousands of USD unless otherwise stated.)

16 Investments in equity accounted investees (continued)

ii) Associates

Investments in equity-accounted Associates and the Group's share of control are as follows:

	31 Decemb	oer 2020	31 Decem	ber 2019
	Carrying	% of	Carrying	% of
Associates	<u>value</u>	<u>ownership</u>	<u>value</u>	<u>ownership</u>
<u>Assets</u>				
Kazakhstan Ijara				
Company KIC Leasing	2.630	14,31	2.689	14,32
Halk Yenilenebilir Enerji			1.884	50,00
Idea Farm	1.103	30,00	1.363	30,00
Albania Leasing	1.036	29,99	904	29,99
Haliç Leasing	913	32,00	1.100	32,00
Euro-Mediterranean	1.215	25,57	1.182	25,57
Eurasian Leasing Company	920	36,71	1.077	36,71
Secom Aktif Güvenlik Yatırım A.Ş.	2.582	50,00	806	50,00
Dome zero inch.	112	1,98	139	1,98
Workindo Teknoloji ve İnsan				
Kaynakları Danışmanlık A.Ş.	739	33,33		
HMC Dijital	223	33,33		
Subtotal	11.473		11.144	
<u>Liabilities</u>				
TAPCO			(39)	
Subtotal		·	(39)	
Total	11.473		11.105	

For the years ended 31 December, the movements in investments in associates were as follows:

	2020	2019
Balance at 1 January	11.105	10.969
Share of gain of equity accounted associates	(1.388)	(1.711)
Disposal		(9)
Capital contribution to share increase in associates	3.279	2.488
Translation difference	(1.523)	(632)
Balance at 31 December	11.473	11.105

Çalık Holding Anonim Şirketi and its Subsidiaries Notes to Consolidated Financial Statements As at and for the Year Ended 31 December 2020 (Amounts expressed in thousands of United States Dollar ("USD") unless otherw

Investments in equity-accounted investees (continued) 16

Summary financial information for equity-accounted associates were presented below:

				Non-			Non-				Group's	
Company name-Associates	Reporting period	Ownership rates (%)	Current assets	current	Total assets	Current liabilities	current liabilities	Total liabilities	Net assets	Profit/ (loss)	share of net assets	Carrying amount
Kazakhstan Ijara Company Jsc.	31 December	14,31	7.727	20.590	28.317	9.476	:	9.476	18.841	1.590	2.696	2.630
Eurasian Leasing Company	31 December	36,71	491	2.377	2.868	210	152	362	2.506	43	920	920
Euro Mediterranean	31 December	25,57	8.528	1.994	10.522	5.802	:	5.802	4.720	743	1.207	1.215
Haliç Finansal Kiralama	31 December	32	3.845	27	3.872	1.114	;	1.114	2.758	74	883	913
Halk Yenilenebilir Enerji	31 December	20	714	:	714	435	;	435	279	;	140	:
Workindo	31 December	33,33	2.764	70	2.834	:	10	10	2.824	(140)	941	739
HMC Dijital	31 December	33,33	;	;	:	:	;	;	1	(82)	:	223
Idea Farm	31 December	30	1.423	818	2.241	:	:	;	2.241	:	672	1.103
Albania Leasing Company	31 December	30	821	7.613	8.434	891	3.656	4.547	3.887	:	1.166	1.036
Secom Aktif Güvenlik Yatırım A.Ş.	31 December	50,00	4.951	10.983	15.934	2.005	8.704	10.709	5.225	(3.541)	2.613	2.582
Dome Zero	31 December	1,98	;	:	;	:	:	:	1		:	112

accounted joint ventures were pres cial information for equity-

						31 De	31 December 2020					
				Non-			Non-				Group's	
	Reporting	Ownership	Current	current	Total	Current	current			Profit/	share of net	Carrying
Company name-Joint ventures	period		assets	assets	assets	liabilities	liabilities	Total liabilities	Net assets	(loss)	assets	amount
KÇLE	31 December	50,00	105.838	178.796	284.634	77.055	11.643	869.88	195.936	6.631	896'26	102.002
Doğu Aras	31 December	50,00	163.941	146.150	310.091	129.980	17.854	147.834	162.257	64.178	81.129	101.723
Çalık Limak Adı Ortaklığı	31 December	50,00	5.534	:	5.534	5.531	:	5.531	3	2.854	2	1.785
Tuncpinar	31 December	50,00	48	:	48	17	;	17	31	(384)	15	1.162
Kartaltepe	31 December	50,00	2.510	1.453	3.963	579	682	1.261	2.702	(5.811)	1.351	3.860
LC Electricity	31 December	50,00	1	:	:	:	;	:	;		1	10
Total												210.542

Çalık Holding Anonim Şirketi and its Subsidiaries Notes to Consolidated Financial Statements As at and for the Year Ended 31 December 2020 (Amounts expressed in thousands of United States Dollar ("USD") unless otherw

Investments in equity-accounted investees (continued) 16

Summary financial information for equity-accounted associates were presented below:

				noN			Non				Crounte	
	Reporting	Ownership	Current	current	Total	Current	current	Total			share of net	Carrying
Company name-Associates	period	rates (%)	assets	assets	assets	liabilities		liabilities	Net assets	Profit/ (loss)		amount
Kazakhstan Ijara Company Jsc.	31 December	14,32	3.770	19.061	22.831	3.796	ı	3.796	19.035	1.503		2.689
Eurasian Leasing Company	31 December	36,71	2.986	405	3.391	275	182	457	2.934	73		1.077
Euro Mediterranean	31 December	25,57	9.239	1.478	10.717	5.824	1	5.824	4.893	391		1.182
Haliç Finansal Kiralama	31 December	32	5.778	69	5.847	2.466	ı	2.466	3.381	(405)		1.100
Halk Yenilenebilir Enerji	31 December	50	898	;	898	618	1	618	250	40		1.884
Idea Farm	31 December	30	1.363	:	1.363	:	1	:	1.363	:	409	1.363
Albania Leasing Company	31 December	29,99	952	7.270	8.222	278	4.342	4.620	3.602	_	1.080	904
Secom Aktif Güvenlik Yatırım A.Ş.	31 December	50	2.058	13.621	15.679	1.842	12.131	13.973	1.706	(2.999)	853	908
Dome Zero	31 December	1,98	138	:	138	:	1	;	138		3	138
TAPCO	31 December		:	:	:	:		:	:	(4)	:	(38)
Total												11.105

Summary financial information for equity-accounted joint ventures were presented below

				Non-			Non-				Group's	
	Reporting	Ownership	Current	current	Total	Current	current			Profit/	share of net	Carrying
Company name-Joint ventures	period	rates (%)	assets	assets	assets	liabilities	liabilities	Total liabilities	Net assets	(loss)	assets	amount
KÇLE	31 December	50	78.394	154.190	232.584	49.775	9.193	896'85	173.616	5.508	808.98	100.831
Doğu Aras	31 December	50	118.721	;	118.721	4.798	1	4.798	113.923	75.956	56.962	68.570
Çalık Limak Adı Ortaklığı	31 December	50	3.312	:	3.312	3.309	1	3.309	3	224	2	524
Polimetal	31 December	50	916	11.938	12.854	1.702	119	1.821	11.033	(1.946)	5.517	7.880
Tuncpmar	31 December	50	77	;	77	10	1	10	29	(190)	34	1.450
Kartaltepe	31 December	50	16.090	804	16.894	4.741	1	4.741	12.153	10.552	6.077	9.176
LCElectricity	31 December	50	١	1	;	;	1	;	;	1	1	10
Total												188.441

Çalık Holding Anonim Şirketi and its Subsidiaries Notes to Consolidated Financial Statements As at and for the Year Ended 31 December 2020 (Amounts expressed in thousands of United States Dollar ("USD") unless otherw

Property, plant and equipment 17

Movements of property, plant and equipment, and related accumulated depreciation during the years ended 31 December were as follows:

	Land and	Machinery		Furniture and	Other tangible	Construction	Leasehold	
	buildings	and equipment	Vehicles	fixtures	assets	in progress	improvements	Total
Balance at 1 January 2019	221.076	531.851	24.531	98.952	26.211	65.805	13.415	981.841
Additions	5.779	9.940	8.314	7.388	5.168	66.132	430	103.151
Transfers	14.109	21.866	291	1.148	1	(37.473)	35	(24)
Transfers to investment properties	(571)	;	1	1	ŀ	ŀ	ŀ	(571)
Foreign currency translation differences	(4.786)	(30.814)	284	(2.688)	(586)	(6.714)	(529)	(45.833)
Addition and disposal of business acquisition	582	22.428	(44)	(473)	(3)	3	1	22.493
Disposals	(11.725)	(3.138)	(1.425)	(7.362)	(2.122)	(33.562)	(12)	(59.346)
Balance at 31 December 2019	224.464	552.133	31.951	96.965	28.668	54.191	13.339	1.001.711
Balance at 1 January 2020	224.464	552.133	31.951	96.965	28.668	54.191	13.339	1.001.711
Additions	3.335		2.566	7.346	5.252	37.476	1.607	61.050
Transfers	45.502	17.986	;	2.430	:	(69.631)	9.718	6.005
Transfers to investment properties	(503)	1	1	!	:	1	:	(503)
Foreign currency translation differences	(9.465)	(32.047)	(1.391)	(1.351)	1.388	(7.709)	(2.340)	(52.915)
Addition and disposal of business acquisition	1.196	1.316	63	263	:	1	137	2.975
Disposals	(5.669)	(45.573)	(1.342)	(3.418)	(124)	(1.137)	(354)	(57.617)
Balance at 31 December 2020	258.860	497.283	31.847	102.235	35.184	13.190	22.107	900.206

As at 31 December 2020, total insurance coverage on property, plant and equipment is USD 425.548 (31 December 2019: USD 398.651). At 31 December 2020, there is no mortgages on property, plant and equipment (31 December 2019: USD 100.000).

Çalık Holding Anonim Şirketi and its Subsidiaries Notes to Consolidated Financial Statements As at and for the Year Ended 31 December 2020 (Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

Property, plant and equipment (continued) 17

		Machinery		Furniture	Other tangible	Construction in	Leasenoid	
	buildings	and equipment	Vehicles	and fixtures	assets	progress	improvements	Total
Accumulated depreciation								
Balance at 1 January 2019	(55.751)	(208.313)	(14.023)	(57.046)	(12.811)	1	(986)	(354.930)
Current year depreciation	(6.746)	(33.091)	(4.382)	(10.742)	(2.157)	1	(1.144)	(58.262)
Foreign currency translation differences	(2.268)	8.993	(398)	2.314	(515)	;	(21)	8.105
Addition and disposal of business acquisition	19	(1.096)	10	70		;	:	(966)
Disposal	8.627	2.221	1.273	6.218	1.516	1	81	19.936
Balance at 31 December 2019	(56.119)	(231.286)	(17.520)	(59.186)	(13.966)	1	(8.070)	(386.147)
Balance at 1 January 2020	(56.119)	(231.286)	(17.520)	(59.186)	(13.966)	1	(8.070)	(386.147)
Current year depreciation	(4.797)	(30.687)	(4.111)	(10.087)	(2.465)	1	(1.028)	(53.175)
Transfers	9	112	1	(112)	1	:	(9)	1
Impairment	(398)	;	1	1	1	1	1	(398)
Foreign currency translation differences	(1.441)	8.212	737	(180)	(2.523)	1	1.162	5.967
Addition and disposal of business acquisition	1	(241)	(63)	(201)	1	1	(127)	(632)
Disposal	2.111	31.451	862	1.335	124	1	202	36.085
Balance at 31 December 2020	(60.638)	(222.439)	(20.095)	(68.431)	(18.830)	1	(7.867)	(398.300)
Net carrying value at 1 January 2019	165.325	323.538	10.508	41.906	13.400	65.805	6.429	626.911
Net carrying value at 31 December 2019	168.345	320.847	14.431	37.779	14.702	54.191	5.269	615.564
Net carrying value at 31 December 2020	198.222	274.844	11.752	33.804	16.354	13.190	14.240	562.406

Çalık Holding Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2020

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

18 Intangible assets

Net book value at 31 December 2020

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Movements of intangible assets and related accumulated amortisation during the years ended 31 December 2020 and 2019 were as follows

Electricity

Licences

	~	&	distribution	Brand	Other	
Cost	Goodwill	software	rights	names	intangibles	Total
Balance at 1 January 2019	722	87.460	109.096	2.179	29.962	229.419
Additions	7.503	19.844			7.140	34.487
Transfers		24				24
Foreign currency translation differences	(423)	(6.878)	(12.856)	(249)	511	(19.895)
Addition of business acquisition			8.384		(297)	8.087
Disposals		(2)			(35)	(37)
Balance at 31 December 2019	7.802	100.448	104.624	1.930	37.281	252.085
Balance at 1 January 2020	7.802	100.448	104.624	1.930	37.281	252.085
Additions		7.736	68		10.256	18.060
Transfers		186			93	279
Foreign currency translation differences	(1.354)	5.781	(19.662)	(368)	(2.702)	(18.305)
Addition of business acquisition		312			8.425	8.737
Corrections		(334)			(746)	(1.080)
Disposals	(2.916)		(6.523)		` <u>-</u> -	(9.439)
Balance at 31 December 2020	3.532	114.129	78.507	1.562	52.607	250.337
Accumulated Amortization		(52.220)	(20.211)	(0)	(12 (16)	(0.(27.1)
Balance at 1 January 2019		(53.338)	(29.311)	(9)	(13.616)	(96.274)
Current year amortisation		(7.745)	(5.250)		(2.252)	(15.247)
Foreign currency translation differences		3.533	3.614		(1.775)	5.372
Addition of business acquisition					64	64
Corrections		(1)			35	35
Disposals		(1)				(1)
Balance at 31 December 2019	-	(57.551)	(30.947)	(9)	(17.544)	(106.051)
Balance at 1 January 2020		(57.551)	(30.947)	(9)	(17.544)	(106.051)
Current year amortisation		(5.880)	(6.850)		(2.174)	(14.904)
Foreign currency translation differences		(7.917)	6.146	2	(454)	(2.223)
Corrections		(302)	1.152			850
Disposals		(1)				(1)
Balance at 31 December 2020		(71.651)	(30.499)	(7)	(20.172)	(122.329)
Net carrying value at 1 January 2019	722	34.122	79.785	2.170	16.346	133.145
Net book value at 31 December 2019	7.802	42.897	73.677	1.921	19.737	146.034

42,478

48.008

1.555

32.435

128.008

3.532

Calık Holding Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2020

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

19 Right of Use Assets

For the years ended 31 December, movements in right of use assets were as follows:

						Balance at 31
Right of Use Assets	Balance at 1 January 2020	Additions	Mergers	Disposal	Foreign currency translation differences	December 2020
Right of Use Assets	47.413	11.133	76	(413)	1.821	60.030
Depreciation of Right of Use Assets	(7.004)	(6.973)	(38)	73	(283)	(14.225)
Net book value	40.409	4.160	38	(340)	1.538	45.805

	Balance at 1			Foreign currency	Balance at 31
Right of Use Assets	January 2019	Additions	Disposal	translation differences	December 2019
Right of Use Assets	17.676	30.226	(128)	(361)	47.413
Depreciation of Right of Use Assets		(6.784)	82	(302)	(7.004)
Net book value	17.676	23.442	(46)	(663)	40.409

20 Investment property

Total

As at 31 December, investment property comprised the following:

	2020	2019
Investment property under development	98.919	123.565
Investment property	31.419	29.474
	130.338	153.039

For the years ended 31 December, movements in investment property were as follows:

	2020	2019
Balance at 1 January	153.039	133.915
Additions	1.961	4.163
Transfers from property	503	571
Disposals	(190)	
Changes in fair value (Note 33)	(31.351)	14.428
Foreign currency translation differences	6.376	(38)
Total	130.338	153.039

The Group obtained independent appraisal reports for each item of investment property and measured them at their fair values. Fair value information for all investment property within the scope of IFRS 13 based on fair value hierarchy are as follows:

<u>2020</u>	<u>Level 1</u>	Level 2	Level 3	<u>Total</u>
Investment property		130.338		130.338
Total		130.338		130.338
<u>2019</u>	<u>Level 1</u>	Level 2	<u>Level 3</u>	<u>Total</u>
Investment property		153.039		153.039

As at 31 December, fair value of the investment properties is calculated as comparison method by independent appraisal.

153.039

153.039

Calık Holding Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2020

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

20 Investment property (continued)

Peer comparison method determines recently listed or sold properties in market and takes into consideration of other factors for the adjustment of value based on size of land of property with current condition and location. For current market outlook, the appraisers contact with the property sale intermediaries.

As at 31 December 2020, the Group have mortgages amounting to USD 200.000 on investment properties (31 December 2019: 200.000).

21 Other assets and liabilities

Other current assets

As at 31 December, other current assets comprised the following:

	2020	2019
Reserve Deposits at Central Banks (*)	632.286	586.343
Value Added Tax ("VAT") receivables	30.403	31.883
Personnel advances	1.346	924
Other income accruals	8.376	3.038
Other current assets	38.411	9.732
	710.822	631.920

^(*) As at 31 December 2020 and 2019, this amount consists only of reserve deposits, which represents the mandatory deposit and is not available in the Group's day-to-day operations.

Other short-term liabilities

As at 31 December, other short-term liabilities comprised the following:

	2020	2019
Taxes and funds payable	26.508	27.856
Blockage on corporate collection account	2.797	23.286
VAT payable	794	404
Turkish Football Federations' share on collection of card sales	80	2.489
Other current liabilities	51.300	75.803
	81.479	129.838

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Çalık Holding Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2020

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

22 Due from/due to customers for contract work

As at 31 December, the details of due from customers for contract work and due to customers for contract work as follows:

	2020	2019
Current amounts due from customers for contract work	71.291	101.621
Current liabilities due to customers for contract work	(42.534)	(93.134)
Non-current liabilities due to customers for contract work	(46.595)	(35.487)
Total	(17.838)	(27.000)

As at 31 December, the details of uncompleted contracts were as follows:

	2020	2019
Total costs incurred on uncompleted contracts	3.424.393	4.165.459
Estimated earnings	584.284	997.985
Total estimated revenue on uncompleted contracts	4.008.677	5.163.444
Less: Billings to date	(4.026.515)	(5.190.444)
Net amounts due from customers for contract work	(17.838)	(27.000)

23 Borrowings

As at 31 December, loans and borrowings comprised the following:

Short term loans and borrowings	2020	2019
Securities issued	1.010.110	1.021.535
Funds borrowed by the Group's banking subsidiaries	380.658	787.836
Bank loans	254.765	332.965
Current portion of long-term bank loans	177.312	233.768
Lease obligations	14.504	16.323
Factoring payables	3.682	6.578
Total	1.841.031	2.399.005

Long term loans and borrowings	2020	2019
Bank loans	255.249	304.903
Lease obligations	45.211	42.233
Subordinated liabilities	30.667	28.021
Funds borrowed by the Group's banking subsidiaries	16.356	24.927
Securities issued	2.135	7.141
Sukuk agreement	186.646	118.000
Total	536.264	525.225

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Borrowings (continued)

As at 31 December 2020, the terms and conditions of outstanding loans and borrowings including factoring payables comprised the following:

		2020			
	Currency	Nominal	Year of	Nominal	Carrying
		interest rate (%)	maturity	value	amount
Secured bank borrowings	TL	9,5-20,5	2021-2025	209.915	217.960
Secured bank borrowings	TL	Revolving	2021	3.232	2.724
Secured bank borrowings	USD	1,05-8,6	2021-2029	180.730	182.421
Secured bank borrowings	EUR	0,49-6,5	2021-2029	43.915	43.115
Secured bank borrowings	ALL	5,00-5,50	2021-2030	3.737	3.830
Unsecured bank borrowings	TL	Revolving	2021	1.618	1.362
Unsecured bank borrowings	TL	7,5-37,08	2021-2029	238.764	254.973
Unsecured bank borrowings	USD	Revolving	2021	3.832	3.750
Unsecured bank borrowings	USD	0,1-7,75	2021-2022	228.587	231.676
Unsecured bank borrowings	EUR	0,01-7,35	2021-2031	205.085	162.649
Unsecured bank borrowings	AUD	2,25	2021	1.828	1.863
Unsecured bank borrowings	XAU	0,75-1,25	2021	3.927	3.931
Unsecured bank borrowings	CHF	0,35	2021	3.504	3.505
Unsecured bank borrowings	GBP	1,35	2021	1.240	1.248
Debt securities issued	TL	8,5-23,75	2021-2022	110.648	110.648
Debt securities issued	USD	0,5 - 4,75	2021-2022	874.767	874.767
Debt securities issued	EUR	0,4-2,3	2021	26.830	26.830
Factoring payables	TL	14,8	2021	1.090	1.090
Factoring payables	USD	11	2021	1.150	1.150
Factoring payables	EUR	6,3	2021	1.442	1.442
Lease payables	EUR		2021-2024	44.105	46.295
Lease payables	TL		2021-2028	7.113	6.208
Lease payables	USD		2024-2028	380	380
Lease payables	ALL		2021-2030	10.492	6.780
Lease payables	JPY		2021	52	52
Sukuk agreement	USD		2024	118.000	118.000
Sukuk agreement	TL		2030	68.646	68.646
				2.394.629	2.377.295

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23 Borrowings (continued)

At 31 December 2019, the terms and conditions of outstanding loans and borrowings including factoring payables were as follows:

		2019			
	Currency	Nominal interest rate (%)	Year of maturity	Nominal value	Carrying amount
Secured bank borrowings	TL	14-27	2020-2024	240.806	255.620
Secured bank borrowings	USD	2,64-8,64	2020-2029	211.225	210.518
Secured bank borrowings	USD	Libor +4	2020	13.554	13.212
Secured bank borrowings	EUR	0,65-7,75	2020-2035	57.933	57.781
Secured bank borrowings	ALL	4,50-5,50	2020-2029	2.139	2.139
Unsecured bank borrowings	TL	Revolving	2020	4.609	4.317
Unsecured bank borrowings	TL	9-29	2020-2029	320.589	318.329
Unsecured bank borrowings	USD	Revolving	2020	4.764	4.763
Unsecured bank borrowings	USD	1-8,64	2020-2021	297.094	298.600
Unsecured bank borrowings	EUR	0,01-7,90	2020-2025	520.597	521.814
Unsecured bank borrowings	GBP	1,45	2020	3.940	3.943
Unsecured bank borrowings	AUD	3,75	2020	1.643	1.698
Unsecured bank borrowings	XAU	2,76	2020	15.202	15.555
Unsecured bank borrowings	CHF	0,4	2020	4.123	4.130
Debt securities issued	TL	8,5-28,65	2020-2021	862.439	862.439
Debt securities issued	USD	2–7,5	2020-2022	69.348	70.101
Debt securities issued	EUR	0,5-2	2020	96.135	96.135
Factoring payables	TL	12,7 - 21,29	2020	776	776
Factoring payables	USD	8-8,25	2020	2.350	2.350
Factoring payables	EUR	3,45-3,55	2020	3.452	3.452
Lease payables	EUR		2020-2049	43.151	42.491
Lease payables	TL		2020-2025	8.225	6.937
Lease payables	USD		2020-2028	409	409
Lease payables	ALL		2020-2049	8.605	8.607
Lease payables	JPY		2020-2022	112	114
Sukuk agreement	USD		2024	118.000	118.000
				2.911.220	2.924.230

As at 31 December 2020, the Group has no mortgages on administrative building (31 December 2019: USD 100.000) and investment properties under construction amounting to USD 200.000 (31 December 2019: USD 200.000) respectively, against the bank borrowings used.

There are pledges over Çalık Enerji's shares of YEDAŞ, YEPAŞ and ÇEDAŞ with numbers of 85 (TL 0,085), 115 (TL 0,115), 377.622.000 (TL 372.622), respectively and ÇEDAŞ's shares of YEPAŞ and YEDAŞ, with numbers of 6.358.770.388 (TL 63.587) and 35.700.685.312 (TL 357.006), as a guarantee for the bank borrowings used or will be used by Çalık Holding, ÇEDAŞ, YEDAŞ and YEPAŞ from a bank.

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24 Derivatives

The carrying values of derivative instruments held at 31 December, were as follows:

	2020		2019	
	Assets	Liabilities	Assets	Liabilities
Forward transactions	2.283	(1.814)	286	(280)
Swap transactions	10.136	(16.927)	3.543	(1.336)
Currency options	913	(816)	1.114	(1.251)
	13.332	(19.557)	4.943	(2.867)

All derivatives in a net receivable position (positive fair value) are reported as derivative assets. All derivatives in a net payable position (negative fair value) are reported as derivative liabilities.

Further disclosure regarding the derivative contracts of the Group are explained at Note 36.

25 Payables related to employee benefits

As at 31 December, payables related to employee benefits comprised the following:

	2020	2019
Due to personnel	5.157	6.470
Social security premiums payable	2.606	2.945
	7.763	9.415

26 Provisions

As at 31 December, provisions comprised the following items:

	2020	2019
Short term provisions		
Short term employee benefits	18.208	17.913
Other short-term provisions	23.996	19.816
Total short-term provisions	42.204	37.729
Long term provisions		
Long term employee benefits	11.849	11.208
Other long-term provisions	1.254	904
Total long-term provisions	13.103	12.112
Total provisions	55.307	49.841

As at 31 December, short-term and long-term employee benefits comprised the following items:

	2020	2019
Short-term		
Bonus provisions	13.818	13.433
Vacation pay liability	4.390	4.480
	18.208	17.913
Long term		
Employee termination benefits	11.844	11.208
	11.844	11.208

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26 Provisions (continued)

As at 31 December, other provisions comprised the following items:

Short-term	2020	2019
Provision for litigations	16.977	16.350
Provisions for expenses	5.635	1.200
Other current provisions	2.638	3.170
	25.250	20.720

Reserve for employee severance indemnity

In accordance with the existing labour law in Turkey, the Group entities operating in Turkey are required to make lump-sum payments to employees who have completed one year of service and whose employment is terminated without cause or who retire (age of 58 for women, age of 60 for men) or completed service years of 20 for women or 25 for men, are called up for military service or die. According to change of regulation, dated 8 September 1999, there are additional liabilities for the integration articles.

For the years ended 31 December, the movements in the reserve for employee severance indemnity were as follows:

	2020	2019
Balance at the beginning of the year	11.208	8.279
Interest cost	1.773	2.270
Cost of services	1.085	1.431
Paid during the year	(2.056)	(2.402)
Translation difference	(1.516)	(358)
Actuarial difference	1.350	1.988
Balance at the end of the year	11.844	11.208

The reserve has been calculated by estimating the present value of future probable obligation of the Group arising from the retirement of the employees.

Actuarial valuation methods were developed to estimate the Group's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

	2020	2019
	0/0	%
Discount rate	3,12	3,60
Interest rate	12,4	12,1
Inflation rate	9,00	8,20

The computation of the liability is predicated upon retirement pay ceiling announced by the Government. As at 31 December 2020, the ceiling amount was USD 0,97 (31 December 2019: USD 1,07).

For the years ended 31 December, the movements in the provisions were as follows:

	1 January 2020	Provision for the reserve	Reversal	Currency translation differences	31 December 2020
Provision for litigations	16.350	3.715	(744)	(2.344)	16.977
Bonus provisions	13.433	8.313	(5.703)	(2.225)	13.818
Vacation pay liability	4.480	1.175	(600)	(665)	4.390
Other expense provisions	4.370	4.926	(100)	(923)	8.273
Total	38.633	18.129	(7.147)	(6.157)	43.458

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26 Provisions (continued)

	1 January 2019	Provision for the reserve	Reversal	Currency translation differences	31 December 2019
Provision for litigations	12.596	5.882	(1.102)	(1.026)	16.350
Bonus provisions	11.868	11.107	(8.259)	(1.283)	13.433
Vacation pay liability	4.572	498	(351)	(239)	4.480
Other expense provisions	3.347	1.422	(4)	(395)	4.370
Total	32.383	18.909	(9.716)	(2.943)	38.633

27 Commitments and contingencies

Guarantee, pledge and mortgages ("GPM") in respect of commitment and contingencies realised in the ordinary course of business were given as at 31 December 2020 are as follows:

31 December 2020	Original currency (USD equivalent)			
	USD	TL	Others	Total
A Total amount of GPMs given in the name of its own legal personality	319.319	59.642	91.909	470.870
B Total amount of GPMs given in the name of the consolidated subsidiaries and joint ventures - Total amount of GPMs given in the name of the		108.742		108.742
consolidated subsidiaries		108.742		108.742
C Total amount of GPMs given to be able to conduct ordinary business transactions to secure payables of				
third parties				
D Other GPMs given(*)	2.084	26.382		28.466
Total	321.403	194.766	91.909	608.078

GPMs in respect of commitment and contingencies realised in the ordinary course of business were given as at 31 December 2019 are as follows:

31 December 2019	Original currency (USD equivalent)			
	USD	TL	Others	Total
A Total amount of GPMs given in the name of its own legal personality B Total amount of GPMs given in the name of the	508.736	87.562	86.302	682.600
consolidated subsidiaries and joint ventures - Total amount of GPMs given in the name of the		134.375		134.375
consolidated subsidiaries C Total amount of GPMs given to be able to conduct ordinary business transactions to secure payables of		134.375		134.375
third parties				
D Other GPMs given(*)	1.970	31.922		33.892
Total	510.706	253.859	86.302	850.867

(*) As at 31 December 2020, the ratio of other GPMs given to total equity is 1,6 percent (31 December 2019: 2,1 percent).

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27 Commitments and contingencies (continued)

Details of the commitments and contingent liabilities arising in the ordinary course of the business of the Group comprised the following items as at 31 December:

	2020	2019
Given for ongoing EPC projects	279.174	250.062
Given to banks	123.650	166.101
Pledge on shares	108.742	134.375
TETAŞ and TEİAŞ	30.966	21.461
Given to EMRA	6	41
Given to other suppliers and government agencies	65.540	278.827
Total contingent liabilities	608.078	850.867

Litigation and claims

As at 31 December 2020, the expected cash outflow amount for the pending claims filed against to the Group is USD 16.977 (31 December 2019: USD 16.350). As at 31 December 2020, the provision for litigation and claims are mainly related to the labor cases against the Group. The Group made a provision for the whole amount related to these claims.

Pending tax audits

In Turkey, the tax and other government authorities (Social Security Institution) have the right to inspect the Group's tax returns and accounting records for the past five fiscal years. The Group has not recorded a provision for any additional taxes for the fiscal years that remained unaudited, as the amount cannot be estimated with any degree of uncertainty. The Group's management believes that no material assessment will arise from any future inspection for unaudited fiscal years.

28 Taxation

Turkey

Corporate income tax is levied on the statutory corporate income tax base, which is determined by modifying income for certain tax exclusions and allowances.

In Turkey, corporate tax rate is 22 percent as at 31 December 2020 (2019: 22 percent). According to the Article 91 of the Law numbered 7061 "Legislation on Amendment of Certain Tax Legislation and Other Certain Legislation" which was published on the Official Gazette numbered 30261 on 5 December 2019 and according to the provisional clause 10 added to the Corporate Tax Law numbered 5520; corporate tax rate for the taxation periods of 2019, 2020 and 2020 is amended to 22 percent, which would later be applied as 20 percent after 2020. During these periods, Council of Ministers is entitled to decrease the corporate tax rate of 22 percent to 20 percent. The tax legislation provides for a temporary tax of 22 percent (2019: 22 percent) to be calculated and paid based on earnings generated for each quarter for the period ended 31 December 2020. The amounts thus calculated and paid are offset against the final corporate tax liability for the year.

75 percent of the income derived by entities from the sale of participation shares, immovable property, preferential rights, founders' shares and redeemed shares which are carried in assets at least for two years is exempt from corporate tax as at 31 December 2020. However, according to the amendments by Law numbered 7061, this rate is reduced from 75 percent to 50 percent and tax declarations starting from 2020 will be calculated using 50 percent for the properties held In order to be able to benefit from the exemption, the relevant income should be kept under a fund account in the liabilities and should not be withdrawn from the enterprise for 5 years. The sales amount should be collected by the end of the second calendar year following the year of sale. However, companies engaged in developing and selling or rental of properties are not entitled to this exemption.

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Taxation (continued)

Turkey

Corporate income tax is levied on the statutory corporate income tax base, which is determined by modifying income for certain tax exclusions and allowances.

There is also a withholding tax on the dividends paid and is accrued only at the time of such payments. According to the amendments in the tax legislations, which became effective from 24 April 2003, dividends that are paid to the shareholders from the profits of the years between 1999 and 2002 are immune from the withholding tax, if such profits are exempted from corporation tax bases of the companies. As per the decision no.2006/10731 of the Council of Ministers published in the Official Gazette no.26237 dated 23 July 2006, certain duty rates included in the articles no.15 and 30 of the new Corporate Tax Law no:5520 revised.

Accordingly, the withholding tax rate on the dividend payments other than the ones paid to the non-resident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions was increased from 10 percent to 15 percent. In applying the withholding tax rates on dividend payments to the non-resident institutions and the individuals the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account.

In Turkey, the tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provision for taxes shown in the consolidated financial statements reflects the total amount of taxes calculated on each entity that are included in the consolidation.

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for up to five years. Tax losses cannot be carried back.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within four months following the close of the accounting year to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue reassessments based on their findings.

Transfer pricing regulations

In Turkey, the transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law with the heading of "disguised profit distribution via transfer pricing". The General Communiqué on disguised profit distribution via Transfer Pricing, dated 18 November 2007 sets details about implementation.

If a tax payer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes.

Tax applications for foreign subsidiaries and joint ventures of the Group

Republic of Albania

The applicable corporate tax rate in Republic of Albania is 15 percent (31 December 2019:15 percent). Tax base is by modifying accounting income for certain exclusions and allowances in accordance with the related tax legislations. Non-documented expenses, repayments of loans and borrowings which are four times higher than equity, pre-payments, representation and accommodation expenses and fringe benefits over a certain limit are not subject to reduction for tax purposes.

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28 Taxation (continued)

Republic of Kosovo

The applicable corporate tax rate in Republic of Kosovo is 10 percent (31 December 2019:10 percent).

Under Kosovo tax legislation system, tax losses can be carried forward to be offset against future taxable income for up to seven years.

Arab Republic of Egypt

The applicable corporate tax rate for the subsidiaries operating in Egypt is 22.5 percent (31 December 2019: 22.5 percent). Since the Group is operating in free trade zone of Egypt, the Group is not subject to corporate tax.

United Arab Emirates

As at 31 December 2020, the Group has subsidiaries in the United Arab Emirates located in Dubai. There is no federal corporate tax in United Arab Emirates. However, similar taxes are implemented in different sectors in different emirates. As at 31 December 2020 and 2019, the Group's subsidiaries operating in Dubai are not subject to corporate tax.

USA

Federal corporate income tax applicable in bands of taxable income from 15 percent to 40 percent (31 December 2019: 15-40 percent). State and local governments may also impose income taxes ranging from less than 1 percent to 12 percent

Foreign companies are generally subject to the same corporate tax as domestic companies. However, taxable income is calculated on Effectively Connected Income (ECI) only, which is considered as all U.S.-source income derived from trade or business in the U.S. or sale of U.S. real property or inventory by a foreign entity.

Georgia

The applicable corporate tax rate in Georgia is 15 percent (31 December 2019: 15 percent).

Turkmenistan

According to Turkmenistan law, while the corporate tax rate is 8 percent for local companies, it is 20 percent for branches of foreign companies and for local companies which have foreign partner. Parent company of branches located in Turkmenistan is tax-exempt due to income generated from construction projects outside Turkey is tax exempt in Turkey. Besides, revenue arising from sales of machinery and equipment which are exported from Turkey and included in construction cost in those countries are subject to corporate tax in Turkey.

Libva

The corporate tax rate is 20 percent (31 December 2019: 20 percent). In addition to the 20 percent tax rate, a Jihad tax is levied by 4 percent.

Serbia

The applicable corporate tax rate in Serbia is 15 percent (31 December 2019: 15 percent).

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Taxation (continued)

Uzbekistan

The applicable corporate tax rate in Uzbekistan is 17,20 percent (31 December 2019: 17,20 percent). As at 31 December 2020, the Group's operation in Uzbekistan aren't subject to corporate tax due to dispensation.

The Netherlands

Corporate income tax is levied at the rate of 25 percent (31 December 2019: 25 percent) on the worldwide income of resident companies, which is determined by modifying accounting income for certain exclusions and allowances for tax purposes. A unilateral decree for the avoidance of double taxation provides relief for resident companies from Dutch tax on income, such as foreign business profits derived through a permanent establishment abroad, if no tax treaty applies. There is an additional dividend tax of 5 percent computed only on the amounts of dividend distribution at the time of such payments.

Switzerland

The corporate tax in Switzerland is a combination of Cantonal and Federal income taxes. The cantonal tax is calculated over the net profit of the relevant period with an effective rate of 23.36 percent (2019: 23.36 percent) and the equity of the period with an effective rate of 0.401 percent (2019: 0.401 percent). Federal income tax is calculated on the net profit of the relevant period at the rate of 8.50 percent (2019: 8.50 percent). Since tax expenses are tax deductible, the effective interest rate is 24 percent (2019: 24 percent). In addition to cantonal and federal taxes, a tax called professional tax is calculated over the last two years of gross income, rental expenses and the number of staff at various effective rates.

According to the tax legislation in Switzerland, financial losses can be carried out for seven years to be deducted from future corporate income. If companies have not requested extension, they must submit their tax returns within the first four months of the tax year closing. The authorities authorized for tax inspection can examine the tax returns and the accounting records that are the basis of them for five years, starting from the beginning of the year following the submission of the declaration, and rethink the results.

Oatar

As of 31 December 2020, the Group has a branch operating in Qatar and a subsidiary. In Qatar Emirates, companies are subject to corporate tax. Taxes and duties related to the project carried out by the Group in Qatar are tax exempt.

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28 Taxation (continued)

Tax recognised in profit or loss

Income tax expense for the years ended 31 December comprised the following items:

Reconciliation of effective tax rate

	Continuing operations		Discontinued operations		Total	
_	2020	2019	2020	2019	2020	2019
Current corporation and income taxes	75.003	59.550			75.003	59.550
Deferred tax expense / (benefit)	(16.820)	(20.091)			(16.820)	(20.091)
Total income tax expense / (benefit)	58.183	39.459			58.183	39.459

The reported income tax expense for the years ended 31 December are different than the amounts computed by applying statutory tax rate to profit before tax as shown in the following reconciliation:

	2020		2019)
	Amount	<u>%</u>	Amount	<u>%</u>
Reported profit before taxation	425.781		342.308	
Taxes on reported profit per statutory tax rate of the Company	(93.672)	(22,00)	(75.308)	(22,00)
Permanent differences:				
Disallowable expenses	(12.105)	(2,84)	(1.751)	(0,51)
Tax exempt income	64.503	15,15	118.489	34,61
Effect of different tax rates in foreign jurisdictions	6.417	1,51	4.912	1,44
Investment incentives effect			6.886	2,01
Effect of tax rate changes	1.231	0,29	4	
Unrecorded deferred tax assets	367	0,09	62	0,02
Temporary differences which no deferred tax asset is recognised	(1.784)	(0,42)	(6.295)	(1,84)
Recognition of previously unrecognized temporary differences	706	0,17	(47)	(0,01)
Effect of share of profit of equity-accounted investees and other consolidated adjustments	(23.649)	(5,55)	(89.981)	(26,29)
Utilisation of previously unrecognised tax losses	(2.289)	(0,54)	3.198	0,93
Current-year amortisation expense of electricity distribution rights for which no deferred tax asset is recognised			(745)	(0,22)
Others, net	2.092	0,49	1.117	0,33
Tax expense	(58.183)	(13,67)	(39.459)	(12)

Current tax assets/liabilities

As at 31 December, current tax assets and liabilities comprised the following:

	2020	2019
Taxes on income	75.003	59.550
Less: Deferred tax expense/ (benefit)	(69.392)	(63.816)
Foreign currency translation difference	(257)	192
Current tax liabilities/(assets), net	5.354	(4.074)

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Taxation (continued)

Reconciliation of effective tax rate (continued)

Current tax assets/liabilities (continued)

As at 31 December 2020, current tax liabilities on income amounting to USD 7.767 (31 December 2019: USD 4.082) is not offset with prepaid taxes amounting to USD 2.413 (31 December 2019: USD 8.156) since they are related to different tax jurisdictions.

Deferred tax assets and liabilities

Deferred tax is provided in respect of taxable temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except for the differences relating to goodwill not deductible for tax purposes and the initial recognition of assets and liabilities which affect neither accounting nor taxable profit.

Unrecognised deferred tax assets and liabilities

As at 31 December 2020, deferred tax assets amounting to USD 74.699 have not been recognised with respect to the statutory tax losses carried forward as at 31 December 2020 (31 December 2019: USD 56.974). Such losses carried forward expire until 2021. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

The table below shows the expiration date of the tax losses carried forward for which no deferred asset has been recognised:

	2020	2019
2020		7.522
2021	49.445	24.358
2022	51.598	16.034
2023	180.832	198.109
2024	43.145	38.093
2025	48.474	
	373.494	284.116

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Taxation (continued)

Unrecognised deferred tax assets and liabilities (continued)

Recognised deferred tax assets and liabilities

Deferred tax assets and deferred tax liabilities at 31 December are attributable to the items detailed in the table below:

	2020		20	19
	Asset	Liability	Asset	Liability
Vacation pay liability	469		468	
Employee severance indemnity	1.616		1.116	
Available for sale investment securities		(286)	(385)	(483)
Financial assets at FVTPL		(24.301)	355	(10.222)
Trade and other receivables (including rediscount)	43	(167)	85	
Provisions	4.452		2.739	
Inventories	566	(8.365)	196	(10.857)
IAS 39 effect on loans and borrowings	2.531	(154)	658	(636)
Investment property		(8.368)		(14.581)
Property, plant and equipment and intangible assets	44.816	(8.562)	49.539	(7.713)
Investment incentives	23.057		28.493	
Tax losses carried forward	6.760		5.043	
Effect of percentage of completion method		(68)		
Service concession receivables		(50.892)		(61.554)
Allowance for doubtful receivables	1.880		1.704	
Security deposits	2.627		3.001	
IFRS 9, 15 and IFRIC 22 effects as at January 1, 2020	2.327		59	
Other temporary differences	9.119	(504)	10.176	(7.539)
Total deferred tax assets/(liabilities)	100.263	(101.667)	103.247	(113.585)
Set off of tax	(48.914)	48.914	(50.186)	50.186
Deferred tax assets/(liabilities), net	51.349	(52.753)	53.061	(63.399)

According to the Tax Procedural Law in Turkey, statutory losses can be carried forward maximum for five years. Consequently, 2025 is the latest year for recovering the deferred tax assets arising from such tax losses carried forward.

29 Capital and reserves

Paid in capital

At 31 December 2020, the Group's statutory nominal value of authorised and paid-in share capital is USD 210.761 (31 December 2019: USD 210.761) (comprising of 400.000.000 registered shares (31 December 2019: 400.000.000) having par value of TL 1 at full terms (31 December 2019: TL 1 at full terms) each).

Calık Holding Anonim Şirketi and its Subsidiaries

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Capital and reserves (continued)

Paid in capital (continued)

At 31 December, the shareholding structure of Çalık Holding based on the number of shares are presented below:

	2020		2019	
	Thousands of s shares	%	Thousands of shares	%
Ahmet Çalık	367.999	91,99	367.999	91,99
Delta Netherlands B.V. (*)	32.000	8	32.000	8
Other	1	0,01	1	0,01
	400.000	100	400.000	100

(*) The company's shareholder Ahmet Çalık transferred his shares nominal values of 32.000.000 TL having par value of TL 1, 32.000.000 shares at full terms to Delta Holding B.V. on 24 December 2018 decision of the Board of Directors.

Restricted reserves

The legal reserves are established by annual appropriations amounting to 5 percent of income disclosed in the Group's statutory accounts until it reaches 20 percent of paid-in share capital (first legal reserve). Without limit, a further 10 percent of dividend distributions in excess of 5 percent of share capital is to be appropriated to increase legal reserves (second legal reserve). The first legal reserve is restricted and is not available for distribution as dividend unless it exceeds 50 percent of share capital.

According to the 5th paragraph of the Corporate Tax Law numbered 5520, 75 percent of the capital gains arising from the sale of tangible assets and investments owned for at least two years are exempted from corporate tax on the condition that such gains are reflected in the restricted reserve within equity as a special fund with the intention to be utilised in a share capital increase within five years from the date of the sale. The remaining 25 percent of such capital gains are subject to corporate tax.

As at 31 December 2020, in the accompanying consolidated financial statements, special funds arising from the sale of associates classified to legal reserves excluding the non-controlling interest portion are amounting to USD 175.014 (31 December 2019: USD 159.568).

In the accompanying consolidated financial statements, the total legal restricted reserves excluding the non-controlling interest portion amounted to USD 699.203 as at 31 December 2020 (31 December 2019: USD 611.516).

Non-controlling interests

For the years ended 31 December, movements of the non-controlling interest were as follows:

	2020	2019
Non controlling interest at the beginning of the year	107.409	102.048
Net profit for the year attributable to non controlling interests	8.389	9.379
Foreign currency translation differences	6.337	10.018
Acquisition of control power in enterprises subject to common control		(2.249)
Effect of the acquisition/(disposal) of non-controlling interests	2.553	53
Contribution to the capital increase by the non-controlling interests		3.055
Disposal due to the sale of subsidiaries		(4.365)
Dividend distribution	(6.210)	(10.530)
Balance at the end of the year	118.478	107.409

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

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Calık Holding Anonim Şirketi and its Subsidiaries

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Revenue and cost of sales

For the years ended 31 December, revenue and cost of sales comprised the following:

	2020	2019
Domestic sales	850.585	882.645
Export sales	535.761	487.687
Other sales	7.971	10.597
Sales discounts (-)	(18.653)	(12.938)
Subtotal	1.375.664	1.367.991
Cost of sales (-)	(956.229)	(966.593)
Gross profit from non-finance operations	419.435	401.398
Revenue from finance sector operations	448.218	454.146
Cost of revenues from finance sector operations (-)	(165.913)	(209.854)
Gross profit from finance sector activities	282.305	244.292
Gross profit	701.740	645.690

The depreciation and amortization expense of USD 49.154 was recognised in the cost of sales (2019: USD 52.390).

General and administrative expenses, selling, marketing and distribution expenses, and research and development expenses and expenses by nature

For the years ended 31 December, general and administrative expenses comprised the following:

	2020	2019
Personnel expenses	112.279	110.988
Depreciation and amortisation expenses	21.560	23.710
Maintenance and repair expenses	14.690	15.382
Outsourced services	12.057	14.010
Taxes, duties and fees other than on income	7.971	9.971
Consulting expenses	6.729	6.756
Travel and accommodation expenses	4.230	6.588
Insurance expenses	4.200	11.642
Representation expenses	4.049	4.393
Telecomminication expenses	3.753	4.620
Rent expense	2.692	4.722
Office expenses	1.067	1.074
Other	34.295	28.068
Total	229.572	241.924

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General and administrative expenses, selling, marketing and distribution expenses, and research and development expenses and expenses by nature (continued)

For the year ended 31 December, selling, marketing and distribution expenses comprised the following:

	2020	2019
Personnel expenses	10.113	11.091
Advertising and promotion expenses	9.984	14.106
Commission expense	4.836	3.203
Depreciation and amortisation expenses	2.929	2.692
Consulting expenses	2.168	1.523
Transportation expenses	2.131	2.877
Rent expense	1.331	1.336
Maintenance and repair expenses	448	1.232
Travel and accommodation expenses	415	1.289
Taxes, duties and fees other than on income	337	310
Telecommunication expenses	104	71
Other	2.049	761
Total	36.845	40.491

For the year ended 31 December, research and development expenses comprised the following:

	2020	2019
Personnel expenses	2.599	3.968
Field research expenses (*)	2.400	3.175
Depreciation and amortization expenses	1.409	1.500
Consulting expenses	1.130	4.205
Travel and accommodation expenses	476	1.123
Representation expenses	232	267
Rent expense	3	389
Other	1.362	1.478
Total	9.611	16.105

^(*) Field research expenses consist by field research and development activities of the Group's subsidiaries operating in the field of mining and oil production.

For the year ended 31 December, personnel and depreciation and amortization expenses comprised the following.

	2020	2019
Personnel expenses		
Cost of sales (-)	54.164	97.468
General and administrative expenses	112.279	110.988
Selling, marketing and distribution expenses	10.113	11.091
Research and development expenses	2.599	3.968
Total	179.155	223.515

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General and administrative expenses, selling, marketing and distribution expenses, and research and development expenses and expenses by nature (continued)

	2020	2019
Depreciation and amortization expenses		
Cost of sales (-)	49.154	52.390
General and administrative expenses	21.560	23.710
Selling, marketing and distribution expenses	2.929	2.692
Research and development expenses	1.409	1.500
Total	75.052	80.292

32 Other income and expense from operating activities

For the years ended 31 December, other income from operating activities comprised the following:

	2020	2019
Foreign exchange income	22.354	17.105
Provision cancellation / recycling	13.503	33.769
Gain on sale of marketable securities	13.479	6.211
Asset-backed security sales revenues	9.194	6.341
Advertising revenues	7	1.428
Other	24.949	13.211
Total	83.486	78.065

For the year ended 31 December, other expense from operating activities comprised the following:

	2020	2019
Provision expense for receivables from financial sector activities	45.334	41.783
Exchange difference expense	45.173	22.257
Doubtful receivable provision expenses	16.977	8.737
Other provision expenses	8.929	8.927
Rediscount expenses	951	1.555
Commission expenses	20	3.219
Other	12.037	21.547
Total	129.421	108.025

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33 Gain and loss from investing activities

For the years ended 31 December, gains from investing activities comprised the following:

	2020	2019
Gain on financial assets at fair value through profit or loss	67.487	22.753
Dividend income from equity securities held	31.970	36
Gain on sale of associate (subsidiary)	5.353	42.801
Gain from sale of derivative financial instruments		27.474
Gain on sale of property, plant and equipment	814	817
Fair value gain on investment properties	605	14.428
Other	8.319	614
Total	114.548	108.923

For the years ended 31 December, losses from investing activities comprised the following:

	2020	2019
Fair value loss on investment properties	31.955	
Loss on financial assets at fair value through profit or loss	3.059	
Loss on sale of property, plant and equipment	1.573	1.126
Loss from derivative financial instruments	327	
Loss on sale of subsidiary		1.290
Other	355	658
Total	37.269	3.074

34 Finance income and finance cost

For the years ended 31 December, finance income comprised the following:

	2020	2019
Foreign exchange gains on borrowings	95.094	34.565
Interest income	9.997	10.374
Total	105.091	44.939

For the years ended 31 December, finance cost comprised the following:

	2020	2019
Interest expense on borrowings	105.217	133.278
Foreign exchange losses on borrowings	43.738	20.510
Bank commission expenses	4.858	7.280
Letters of guarantees commission expenses	4.031	3.239
Other charges and commission expenses	10.869	4.725
Total	168.713	169.032

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35 Disclosure of interests in other entities

Information regarding the subsidiaries in which the Group has major non-controlling interests is as follows:

	Non- controlling	Profit attributable to non- controlling	Cumulative non- controlling	Dividends paid to non-controlling
Subsidiaries	interests	interests	interests	interests
Albtelecom				
31 December 2020	19,73	(1.897)	7.606	
31 December 2019	19,73	(948)	8.562	
Çalık Enerji				
31 December 2020	4,58	10.387	29.542	(6.210)
31 December 2019	4,58	9.039	27.649	(10.530)

The financial information of Albtelecom before the Group's consolidation adjustments and eliminations is as follows:

is as follows:		
Summary of Albtelecom's statement of financial position	31 December 2020	31 December 2019
Cash and cash equivalents	708	881
Trade receivables	7.123	7.567
Other current assets	8.788	5.279
Non-current assets	233.397	225.849
Total assets	250.016	239.576
Short-term borrowings	11.084	8.260
Other short term liabilities	32.944	38.962
Long-term liabilities	163.373	143.013
Total liabilities	207.401	190.235
Total equity	42.615	49.341
Total equity and liabilities	250.016	239.576
Summary of Albtelecom's statement of profit or loss	2020	2019
Revenue	66.178	71.577
Cost of sales	(42.299)	(44.085)
Other expenses from operating activities	(20.691)	(22.769)
Loss from investing activities	(1.452)	(269)
Finance income / (cost)	(11.327)	(8.435)
Tax expenses	(21)	(823)
Profit/(loss) for the period	(9.612)	(4.804)

Çalık Holding Anonim Şirketi and its Subsidiaries

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35 Disclosure of interests in other entities (continued)

The consolidated financial information of Çalık Enerji before the Group's consolidation adjustments and eliminations is as follows:

Summary	of	Calık	Eneri	i's	statement
Summer	UI	Callin		1 3	Statement

of financial position	31 December 2020	31 December 2019
Cash and cash equivalents	67.993	154.200
Trade receivables	209.738	176.799
Other current assets	164.985	125.381
Non-current assets	670.661	728.180
Total assets	1.113.377	1.184.560
Short-term borrowings	35.624	108.088
Short term portion of long-term loans and borrowings	32.017	91.020
Other short-term liabilities	266.740	219.185
Long-term liabilities	131.784	159.411
Total liabilities	466.165	577.704
Total equity	647.212	606.856
Total equity and liabilities	1.113.377	1.184.560

Summary of Çalık Enerji's statement of profit or loss	2020	2019
Revenue	795.707	772.535
Cost of sales	(482.848)	(506.041)
Other income from operating activities	(95.797)	(86.139)
(Loss) / gain from investing activities	40.534	46.550
Finance cost	(9.680)	(17.907)
Tax expenses	(21.116)	(11.643)
Profit/(loss) for the period	226.800	197.355

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36 Financial instruments – Fair values and risk management

Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk
- operational risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risks, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Risk management framework

Risk management activities are conducted by a realistic organizational structure and it is fully supported with the commitment of top-level management.

Group acts proactively in terms of risk management in order to ensure that its business operations in different industries and regions are not adversely affected as a result of market, operational, liquidity and counterparty risks. Risk Management and internal audit departments within each sector and at the Group level provide and maintain awareness for different types of risks, including emerging risks, and ensure that appropriate risk management mechanisms are in place.

Banking:

Risk management framework

For the Group's banking group, Aktifbank and BKT actively use collateral management as the major risk mitigation mechanism. The Board of Directors of the Group's banking group has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the Audit Committee and Risk Management Department, which are responsible for developing and monitoring the Group's banking group's risk management policies in their specified areas. The Audit Committee has non-executive members and report regularly to the Board of Directors on their activities.

The Group's banking group's risk management policies are established to identify and analyse the risks faced, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Group's banking group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Audit Committee is responsible for monitoring compliance with the risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Aktif Bank and BKT. The Audit Committee is assisted in these functions by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Calık Holding Anonim Sirketi and its Subsidiaries

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Financial instruments – Fair values and risk management (continued)

Financial risk management (continued)

Credit risk:

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investment securities.

The Group's principal financial assets are cash and cash equivalents, financial investments, trade receivables and other receivables. The Group requires a certain amount of collateral in respect of its account receivable. Credit evaluations are performed on all customers requiring credit over a certain amount on individual level.

At reporting date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position.

Banking:

Impaired loans and advances to customers and investment securities

Impaired loans and advances to customers and investment debt securities are those for which the Group's banking group determines that it is probable that it will be unable to collect all principal and interest due to according to the contractual terms of the loans and investment debt securities.

Allowance for impairment

The Group's banking and finance group establishes an allowance for impairment losses on assets carried at amortised cost that represents its estimate of incurred losses in its loans and advances to customers and investment in debt security portfolio. This allowance is a specific loss component that relates to individually significant exposures.

Due to the increase in the consumer loan portfolio of Aktifbank and the availability of the historical trends of the probability of default, starting from 1 January 2012, Aktifbank started to provide collective loan loss allowance established for groups of homogeneous assets in respect of losses that have been incurred but have not been identified except for loans and receivables subject to individual assessment for impairment.

Write-off policy

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The Group's banking group write off a loan or investment debt security balance, and any related allowances for impairment losses, when the Group's banking subsidiaries determine that the loan or security is uncollectible. This determination is reached after considering information such as occurrence of significant changes in the borrower's / issuer's financial position such that the borrower / issuer can no longer pay the obligation, or that proceeds from collateral will not be enough to pay back the entire exposure.

Loans with renegotiated terms

Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the Group's banking subsidiaries have made concessions that it would not otherwise consider. Once the loan is restructured it remains in this category independent of satisfactory performance after restructuring.

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		Receivables	bles					
	Trade receivables	eivables	Other receivables	eivables	Cash at banks			
31 December 2020	Related party	Third party	Related	Third party	and other cash and cash equivalents (*)	Financial investments (**)	Receivables from finance sector operations Derivativ	Derivati
Maximum credit risk exposure at reporting date (A+B+C+D)	78.470	351.706	369.878	184.734	749.621	2.918.062	2.612.686	13.332
Portion of maximum risk covered by guarantees		13.662				:		:
A. Carrying value of financial assets that are neither past due nor impaired	78.470	322.378	369.878	184.734	749.621	2.918.062	2.479.312	13.332
B.Carrying value of financial assets that are past due but not impaired		29.328			-			-
C. Carrying value of impaired assets		:			-		133.374	-
Past due (gross carrying amount)		58.890		8.054	1		261.051	:
- Impairment (-)		(58.890)		(8.054)	-		(127.677)	:
- The part of net value under guarantee with collateral etc	:	:	-	-	1		-	:
Not past due (gross carrying amount)	1	1	1	-	-	-	1	1
- Impairment (-)		:			-			:

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- Fair values and risk management (continued) Financial instruments

		Receivables	ables					
	Trade receivables	eivables	Other receivables	eivables	Cash at banks			
31 December 2019	Related	Third party	Related	Third party	and other cash and cash equivalents (*)	Financial investments (**)	Receivables from finance sector operations Derivatives	Derivatives
Maximum credit risk exposure at reporting date (A+B+C+D)	49.207	379.736	366.540	189.927	1.660.953	2.135.578	2.123.180	4.943
Portion of maximum risk covered by guarantees		12.942	1	ı	:	:	1	:
A. Carrying value of financial assets that are neither past due nor impaired	49.207	352.226	366.540	189.927	1.660.953	2.135.578	2.020.452	4.943
B. Carrying value of financial assets that are past due but not impaired	-	27.510		1			-	:
C. Carrying value of impaired assets				:			102.728	:
Past due (gross carrying amount)		54.238		3.345			201.175	:
- Impairment (-)		(54.238)		(3.345)	:	:	(98.447)	:
- The part of net value under guarantee with collateral etc			1	1	:	:	1	:
Not past due (gross carrying amount)			:	1	:	1	1	:
- Impairment (-)				:	-		-	:
D. Elements including credit risk on off statement of financial position	:	:	:	:	1	1	1	:

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Calık Holding Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements

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Financial instruments – Fair values and risk management (continued)

Credit risk (continued):

Impairment losses

As of 31 December 2020 and 2019, the aging of trade receivables that are past due but not impaired was as below:

	Recei	ivables	Receivables
31 December 2020	Trade Receivables	Other Receivables	from financial sector operations
Past due 0-30 days	17.284		
Past due 1-3 months	5.712		
Past due 3-12 months	4.521		
Past due 1-5 years	1.811		
More than five years			
Total	29.328		
Part of secured with guarantee etc.			

	Receiv	vables	Receivables
31 December 2019	Trade Receivables	Other Receivables	from financial sector operations
Past due 0-30 days	10.680		
Past due 1-3 months	3.693		
Past due 3-12 months	5.997		
Past due 1-5 years	7.140		
More than five years			
Total	27.510		
Part of secured with guarantee etc.			

Liquidity risk

Liquidity risk arises in the general funding of the Group's activities and in the management of positions. It includes both risk of being unable to fund assets at appropriate maturities and rates and risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame. The Group has access to funding sources from banks and keeps certain level assets as cash and cash equivalents. The Group continuously assesses liquidity risk by identifying and monitoring changes in funding required in meeting business goals and targets set in terms of the overall Group strategy.

Banking:

Management of liquidity risk

The Group's banking group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to their reputation.

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36 Financial instruments – Fair values and risk management (continued)

Liquidity risk (continued):

Banking:

Management of liquidity risk

The Group's banking group funds its short-term liquidity with interbank. In the case of long-term liquidity need, the Group's banking group utilises capital and debt market instruments. Additionally, the Group's banking group also funds itself from the domestic and foreign market when it needs additional funds.

Exposure to liquidity risk

The key measure used by the Group's banking group for managing liquidity risk is the ratio of net liquid assets to short-term loans and borrowings. Net liquid assets include cash and cash equivalents and trading debt securities for which there is an active market.

As at 31 December, the followings are carrying amounts, contractual cash flows and the contractual maturities of financial liabilities are as follows:

	Carrying	Contractual	3 months	3-12	1-5	More than
31 December 2020	amount	cash flows	or less	months	years	5 year
Contractual maturities Non-derivative financial liabilities						
Payables related to finance sector operations	(5.279.579)	(5.329.665)	(3.659.623)	(1.165.908)	(468.426)	(35.708)
Loans and borrowings	(2.377.295)	(2.574.221)	(1.371.736)	(469.295)	(520.465)	(212.725)
	(7.656.874)	(7.903.886)	(5.031.359)	(1.635.203)	(988.891)	(248.433)
Expected maturities Non-derivative financial liabilities						
Trade payables	(275.046)	(277.599)	(92.136)	(180.577)	(4.886)	
Other payable	(106.348)	(106.348)	(29.249)	(24.545)	(52.554)	
Payable related to employee benefits	(7.763)	(7.763)	(5.168)	(2.595)		
	(389.157)	(391.710)	(126.553)	(207.717)	(57.440)	
Derivative financial instruments						
Inflow	13.332	513.000	180.925	255.741	76.334	
Outflow	(19.557)	(524.646)	(186.064)	(262.249)	(76.333)	

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36 Financial instruments – Fair values and risk management (continued)

Liquidity risk (continued)

	Carrying	Contractual	3 months	3-12	1-5	than
31 December 2019	amount	cash flows	or less	months	years	5 year
Contractual maturities Non-derivative financial liabilities						
Payables related to finance sector operations	(4.413.073)	(4.413.966)	(2.879.362)	(1.086.096)	(415.921)	(32.587)
Loans and borrowings	(2.924.230)	(3.055.012)	(1.872.590)	(559.908)	(545.423)	(77.091)
	(7.337.303)	(7.468.978)	(4.751.952)	(1.646.004)	(961.344)	(109.678)
Expected maturities Non-derivative financial liabilities						
Trade payables	(265.290)	(265.799)	(119.297)	(137.543)	(8.959)	
Other payable Payable related to	(111.171)	(111.171)	(25.074)	(37.843)	(48.254)	
employee benefits	(9.415)	(9.415)	(7.755)	(1.660)		
	(385.876)	(386.385)	(152.126)	(177.046)	(57.213)	
Derivative financial instruments						
Inflow	4.943	683.449	407.629	123.440	152.380	
Outflow	(2.867)	(682.628)	(407.203)	(123.781)	(151.644)	

More

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Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Calık Holding Anonim Şirketi and its Subsidiaries

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36 Financial instruments – Fair values and risk management (continued)

Interest rate risk

The Group's operations are subject to the risk of interest rate fluctuations to the extent that interestearning assets and interest-bearing liabilities mature or reprise at different times or in differing amounts. In the case of floating rate assets and liabilities the Group is also exposed to basis risk, which is the difference in reprising characteristics of the various floating rate indices, such as six months Libor and different types of interest. Risk management activities are aimed at optimizing net interest income, given market interest rate levels consistent with the Group's business strategies.

Profile

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As at 31 December, the interest rate profile of the Group's interest-bearing financial instruments was as follows:

	<u>2020</u>	<u>2019</u>
Fixed rate instruments		4 000 000
Financial assets	1.551.921	1.933.296
Financial liabilities	7.292.728	6.971.734
Variable rate instruments		
Financial assets	4.015.546	2.920.839
Financial liabilities	364.146	365.568

As of 31 December 2020, an increase of 100 basis points in interest rates dominated in Turkish Lira would have decreased profit or loss before tax and allocation of the non-controlling interest by USD 38.272. Under the same conditions, a decrease of 100 basis points in interest rates dominated in Turkish Lira would have increased profit or loss by USD 38.272. This analysis assumes that all other variables remain constant (31 December 2019: USD 26.765, USD 26.765 respectively).

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss and the Group does not designate derivatives (interest rate swaps) as hedging instruments under fair value hedge accounting model. Therefore, a change in interest rate as of the reporting date would not affect profit or loss and equity.

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36 Financial instruments – Fair values and risk management (continued)

Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies in which these transactions primarily are denominated are TL and Euro (31 December 2019: TL and Euro).

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

The Group is exposed to currency risk through the impact of rate changes on the translation of foreign currency denominated payables and bank borrowings from financial institutions. Such risk is monitored by the Board of Directors and limited through taking positions within approved limits as well as using derivative instruments where necessary.

To minimise risk arising from foreign currency denominated statement of financial position items, the Group sometimes utilises derivative instruments as well as keeping part of its idle cash in foreign currencies.

At 31 December 2020, the currency risk exposures of the Group in USD equivalents are as follows:

CURRENCY POSITION STATEMENT		31 DECEMB	ER 2020	
	USD			
	equivalent	TL	EURO	OTHER(
1. Trade Receivables	119.160	28.821	44.987	60.02
2a. Monetary financial assets	2.057.011	180.441	894.253	935.04
2b. Non-monetary financial assets				_
3. Other	256.947	74.880	184.613	20.19
4. Current assets (1+2+3)	2.433.118	284.142	1.123.853	1.015.27
5. Trade Receivables	1.296	9.510		-
6a. Monetary financial assets	1.620.820	24.701	897.934	515.55
6b. Non-monetary financial assets				-
7. Other	22.576	1.464	3.860	17.639
8. Non-current assets (5+6+7)	1.644.692	35.675	901.794	533.193
9. Total Assets (4+8)	4.077.810	319.817	2.025.647	1.548.46
10. Trade payables	(2.021.957)	(248.567)	(1.603.599)	(20.237
11. Financial liabilities	(892.979)	(936.994)	(146.941)	(585.014
12a. Other monetary liabilities	(971.781)	(130.938)	(257.172)	(638.354
12b. Other non-monetary liabilities	(4.545)		(1.177)	(3.102
13. Short term liabilities (10+11+12)	(3.891.262)	(1.316.499)	(2.008.889)	(1.246.707
14. Trade payables	(274.683)	<u></u>	(221.167)	(3.278
15. Financial liabilities	(377.537)	(1.604.987)	(83.663)	(56.222
16a. Other monetary liabilities	(1.293)	<u></u>		(1.292
16b. Other non-monetary liabilities	(1)	(8)		_
17. Long term liabilities (14+15+16)	(653.514)	(1.604.995)	(304.830)	(60.792
18. Total liabilities (13+17)	(4.544.776)	(2.921.494)	(2.313.719)	(1.307.499
19. Outside of the financial statements derivatives instruments net assets / (liability) position (19a+19b)	170.991	(59.662)	72.478	90.17
19a. Hedged portion of assets amount	706.808	338	169.714	498.49
19b. Hedged portion of liabilities amount	(535.817)	(60.000)	(97.236)	(408.318
20.Net foreign currencies assets / (liability) position	(()	(/	(
(9+18+19)	(295.975)	(2.661.339)	(215.594)	331.14
21. Monetary items Net foreign currencies assets / (liability)	(275.775)	(2.001.00)	(210.071)	221.14
position (IFRS 7.b23)(=1+2a+5+6a+10+11+12a+14+15+16a)	(741.943)	(2.678.013)	(475.368)	206.22

^(*) USD equivalents are given.

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36 Financial instruments – Fair values and risk management (continued)

Currency risk (continued)

At 31 December 2019, the currency risk exposures of the Group in USD equivalents are as follows:

CURRENCY POSITION STATEMENT		31 DECEMB	ER 2019	
	USD			
	equivalent	TL	EURO	OTHER(*
1. Trade Receivables	99.661	65.455	34.655	49.843
2a. Monetary financial assets	2.341.155	118.381	1.348.862	811.050
2b. Non-monetary financial assets				
3. Other	229.969	66.703	179.942	17.278
4. Current assets (1+2+3)	2.670.785	250.539	1.563.459	878.171
5. Trade Receivables	2.280	13.544		
6a. Monetary financial assets	1.113.667	58.042	604.429	427.182
6b. Non-monetary financial assets				
7. Other	4.088	23	2.586	1.189
8. Non-current assets (5+6+7)	1.120.035	71.609	607.015	428.371
9. Total Assets (4+8)	3.790.820	322.148	2.170.474	1.306.542
10. Trade payables	(1.701.683)	(110.652)	(1.485.234)	(20.200)
11. Financial liabilities	(1.280.605)	(811.299)	(490.905)	(594.414)
12a. Other monetary liabilities	(685.774)	(27.744)	(205.739)	(450.759)
12b. Other non-monetary liabilities	(1.754)	·	(149)	(1.588)
13. Short term liabilities (10+11+12)	(3.669.816)	(949.695)	(2.182.027)	(1.066.961)
14. Trade payables	(253.178)		(203.901)	(24.891)
15. Financial liabilities	(408.431)	(1.139.543)	(153.136)	(45.145)
16a. Other monetary liabilities	(3.310)	`	(1.762)	(1.338)
16b. Other non-monetary liabilities				
17. Long term liabilities (14+15+16)	(664.919)	(1.139.543)	(358.799)	(71.374)
18. Total liabilities (13+17)	(4.334.735)	(2.089.238)	(2.540.826)	(1.138.335)
19. Outside of the financial statements derivatives instruments	25.684	(142.385)	27.932	18.382
net assets / (liability) position (19a+19b)	23.004	(142.363)	21.932	10.502
19a. Hedged portion of assets amount	519.754		184.656	313.015
19b. Hedged portion of liabilities amount	(494.070)	(142.385)	(156.724)	(294.633)
20.Net foreign currencies assets / (liability) position				
(9+18+19)	(518.231)	(1.909.475)	(342.420)	186.589
21. Monetary items Net foreign currencies assets / (liability)				
position (IFRS 7.b23)(=1+2a+5+6a+10+11+12a+14+15+16a)	(776.218)	(1.833.816)	(552.731)	151.328

^(*) USD equivalents are given.

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36 Financial instruments – Fair values and risk management (continued)

Currency risk (continued)

Sensitivity analysis

A 10 percent strengthening/weakening of the USD against the other currencies below would have increased/ (decreased) the comprehensive income and profit/loss (excluding the tax effect) of 31 December as follows:

	Profit / ((Loss)	Equi	ity
31 December 2020	Strengthening of USD	Weakening of USD	Strengthening of USD	Weakening of USD
Increase/(decrease) 10 percent of TL parity				
1-TL net asset / liability	36.256	(36.256)		
2-Hedged portion of TL amounts(-)	30.230	(30.230)		
3-Net effect of TL (1+2)	36.256	(36.256)		-
Increase/(decrease) 10 percent of EUR parity 4-EUR net asset / liability	26.457	(26.457)		
5-Hedged portion of EUR amounts(-)				
6-Net effect of EUR (4+5)	26.457	(26.457)		
Increase/(decrease) 10 percent of other parities 7-Other foreign currency net asset / liability 8-Hedged portion of other foreign currency	(33.114)	33.114		
amounts(-)				
9-Net effect of other foreign currencies (7+8)	(33.114)	33.114		
TOTAL (3+6+9)	29.599	(29.599)		

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36 Financial instruments – Fair values and risk management (continued)

Currency risk (continued)

-	Profit / (Loss)	Equi	ity
31 December 2019	Strengthening of USD	Weakening of USD	Strengthening of USD	Weakening of USD
Increase/(decrease) 10 percent of TL parity				
1-TL net asset / liability	32.145	(32.145)		
2-Hedged portion of TL amounts(-)				
3-Net effect of TL (1+2)	32.145	(32.145)		
Increase/(decrease) 10 percent of EUR parity 4-EUR net asset / liability 5-Hedged portion of EUR amounts(-)	38.337	(38.337)		
6-Net effect of EUR (4+5)	38.337	(38.337)		
Increase/(decrease) 10 percent of other parities 7-Other foreign currency net asset / liability 8-Hedged portion of other foreign currency amounts(-)	(18.659)	18.659		
9-Net effect of other foreign currencies (7+8)	(18.659)	18.659		
> 1.00 effect of other foreign currences (7.10)	(10,00)	10.007		
TOTAL (3+6+9)	51.823	(51.823)		

Capital management

The Group's objectives when managing capital include:

- to comply with the capital requirements required by the regulators of the financial markets where the Group operates:
- to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders.

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36 Financial instruments – Fair values and risk management (continued)

Capital management (continued)

Banking:

Aktifbank

BRSA sets and monitors capital requirements for the Aktifbank regularly.

The capital adequacy ratio calculations are made in accordance with the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks" published in Official Journal No 28337 of 28 June 2012 from 1 July 2012. Standard Method is used to calculate market risk, which is included in computation of capital adequacy ratio.

In implementing current capital requirements of BRSA requires Aktifbank to maintain a 12 percent ratio of total capital to total risk-weighted assets.

As at 31 December 2020, the Aktifbank's capital adequacy ratio is 14,39 percent (31 December 2019: 14,85 percent).

BKT

BKT's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholder's return is also recognised and BKT recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position. There have been no material changes in BKT's management of capital during the period.

Regulatory capital: BKT monitors the adequacy of its capital using, among other measures, the rules and ratios established by the Albanian regulator, the Bank of Albania ("BoA"), which ultimately determines the statutory capital required to underpin its business. The regulation "On capital adequacy" is issued pursuant to Law No. 8269 date 23 December 1997 "On the Bank of Albania", and Law No. 9662 dated 18 December 2006 "On Banks in the Republic of Albania".

The Capital Adequacy Ratio is the proportion of the regulatory capital to risk weighted exposures, calculated as the sum of the risk-weighted exposure amounts, on- and off-statement of financial position for credit risk and for credit counterparty risk, capital requirement for market and operational risk. The minimum Capital Adequacy Ratio required by Bank of Albania is 12 percent, while BKT has maintained this ratio at 15,75 percent as at 31 December 2020 (31 December 2019: 18,62 percent).

In December 2019, BKT has reported Regulatory Capital Ratio, Tier 1 Capital Ratio and Common Equity Tier 1 Ratio as 15,57 percent, 14,69 percent and 14,69 percent, respectively. (31 December 2019: 18,62 percent, 17,37 percent and 17,37 percent respectively).

Risk-Weighted Assets (RWAs): For calculation of credit risk, exposures, on- and off-statement of financial position are classified in 15 exposure classes. In general terms, client/ issuer type, loan destination and collateral are the main determinants of the exposure class. Each exposure class has its own specific requirements on how to assess the appropriate risk weight and respective risk weighted exposures. For credit risk and counterparty risk is applied the Standardised Approach. Market risk capital requirements are calculated in case the BKT has a trading portfolio that fulfils the requirements defined by the regulation and/ or a total net open currency position that is larger than the defined minimum threshold. Operational risk capital requirement is calculated based on the Basic Indicator Approach.

Compliance: BKT and its individually regulated operations have complied with all internally and externally imposed capital requirements throughout the year.

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Financial instruments – Fair values and risk management (continued)

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions
- requirements for the reconciliation and monitoring of transactions,
- compliance with regulatory and other legal requirements,
- documentation of controls and procedures,
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified,
- requirements for the reporting of operational losses and proposed remedial action,
- development of contingency plans,
- training and professional development,
- ethical and business standards,
- risk mitigation, including insurance where this is effective.

Compliance with Group standards is supported by a programme of periodic reviews undertaken by Internal Audit.

Fair value information

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or in its absence, the most advantageous market to which the Group has access at that date.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If there is no quoted market price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs.

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fair values of financial assets and financial liabilities, including their levels in the fair value. It does not include nancial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

			Measured at fair value through					
		Measured at fair value through	other comprehensive	Total book				Total net realisable
31 December 2020	Amortised costs	profit or loss	income	value	Level 1	Level 2	Level 3	value
Financial assets measured at fair value								
Financial investments	234.511	292.647	2.770.284	3.297.442	1.825.843	1.178.952	292.647	3.297.442
Derivatives	:	13.332	;	13.332	;	13.332	:	13.332
Financial assets not measured at fair value								
Financial investments	:	4.469	;	4.469	1	;	4.469	4.469
Trade receivables	430.176	:	:	430.176	1	;	:	;
Other receivables	554.612	;	;	554.612	1	;	!	:
Cash and cash equivalents	897.487	;	;	897.487	1	;	!	:
Receivables related to finance sector operations	2.612.686	:	;	2.612.686	1	;	1	;
Total	4.729.472	310.448	2.770.284	7.810.204	1.825.843	1.192.284	297.116	3.315.243
Financial liabilities measured at fair value								
Derivatives	:	19.557	:	19.557	1	19.557	;	19.557
Financial liabilities not measured at fair value								
Loans and borrowings	2.377.295	:	:	2.377.295	1	;	2.377.295	2.377.295
Trade payables	275.046	;	;	275.046	1	;	;	;
Payables related to finance sector operations	5.279.579	:	:	5.279.579	1	;	:	;
Other payables ^(*)	49.563	1	:	49.563	1	1	1	1
Total	7.981.483	19.557	1	8.001.040	1	19.557	2.377.295	2.396.852

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Fair values and risk management 36

The table below shows the carrying amount not include fair value information for financ of fair value.

			Measured at fair value through					
	•	Measured at fair value through	other comprehensive	Total book	;	:	;	Total net realisable
31 December 2019	Amortised costs	profit or loss	income	value	Level 1	Level 2	Level 3	value
Financial assets measured at fair value								
Financial investments	150.752	228.106	2.068.482	2.447.340	1.630.319	588.914	228.106	2.447.339
Derivatives	:	4.943	:	4.943	;	4.943	;	4.943
Financial assets not measured at fair value								
Financial investments	;	856	:	856	;	:	856	856
Trade receivables	428.943	:	:	428.943	;	;	;	1
Other receivables	556.467	:	:	556.467	;	:	;	1
Cash and cash equivalents	1.754.177	;	;	1.754.177	;	1	;	1
Receivables related to finance sector operations	2.123.180	;	:	2.123.180	;	1	;	1
Total	5.013.519	233.905	2.068.482	7.315.906	1.630.319	593.857	228.962	2.453.138
Financial liabilities measured at fair value								
Derivatives	1	2.867	:	2.867	;	2.867	;	2.867
Financial liabilities not measured at fair value								
Loans and borrowings	2.924.230	:	:	2.924.230	;	1	2.924.229	2.924.229
Trade payables	265.290	;	:	265.290	;	1	;	1
Payables related to finance sector operations	4.413.073	;	:	4.413.073	1	1	;	ı
Other payables ^(*)	48.440	:	:	48.440	:	-	:	-
Total	7.651.033	2.867	1	7.653.900	1	2.867	2.924.229	2.927.096

^(*) Deposits and guarantees

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Calık Holding Anonim Şirketi and its Subsidiaries

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Financial instruments – Fair values and risk management (continued) 36

Fair value information (continued)

Fair value hierarchy

The fair value hierarchy consists of three levels, depending upon whether fair values are determined based on quoted prices in an active market (Level 1), valuation techniques with observable inputs (Level 2) or valuation techniques that incorporate inputs which are unobservable and which have significant impact on the fair value of the instrument (Level 3):

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

- Level 1: This category includes inputs that are quoted market prices (unadjusted) in active markets for identical instruments. These are instruments where the fair value can be determined directly from prices which are quoted in active, liquid markets and where the instrument observed in the market is representative of that being priced in the Group's portfolio.
- Level 2: This category includes inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: This category includes all instruments where the valuation technique uses inputs based on unobservable data, which could have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant, unobservable adjustments or assumptions are required to reflect differences between instruments. Unobservable in this context means that there is little or no current market data available from which the price at which an arm's length transaction would be likely to occur can be derived.

Valuation models

The Group uses following assumptions to estimate the fair value of financial instruments:

Equity securities: Fair values of publicly traded equity securities are based on quoted market prices where available. In the case of where no quoted market is available, fair value is determined based on quoted prices for similar securities or other valuation techniques. Valuation techniques include discounted cash flow models and transaction multiple methods.

Valuation of equity securities designated as at fair value through profit or loss was carried out by an independent appraiser firm as at 31 December 2020. Discounted cash flow method was used as valuation method and the fair value of this investment was assessed USD 292.647 (31 December 2019: USD 228.106).

Debt securities: Fair values are based on quoted market prices, where available. Quoted market prices may be obtained from an exchange, dealer, broker, pricing service or regulatory service. If quoted prices in an active market are not available, fair value is based on an analysis of available market inputs, which may include values obtained from one or more pricing services or by a valuation technique that discounts expected future cash flows using a market interest rate curves, referenced credit spreads and maturity of the investment.

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Financial instruments – Fair values and risk management (continued)

Fair value information (continued)

Valuation models (continued)

Derivative assets and liabilities: Derivatives are valued using valuation techniques. The valuation techniques and inputs depend on the type of derivative and the nature of the underlying instruments. Observable prices or model inputs are usually available in the market for exchange-traded derivatives and simple over-the-counter derivatives.

Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determining fair values. The principal technique used to value these instruments are based on discounted cash flows. These valuation models calculate the present value of expected future cash flows. Inputs to valuation models are determined from observable market data where possible. The inputs used include prices available from exchanges, dealers, brokers or providers of consensus pricing, yield curves, credit spreads, default rates, recovery rates, volatility of underlying interest rates, equity prices and foreign currency exchange rates. These inputs are determined with reference to quoted prices, recently executed trades, independent market quotes, where available.

Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties; to the extent that the Group believes that a third party market participant would take them into account in pricing a transaction. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and the counterparty where appropriate. For measuring derivatives, fair values taken into account both credit valuation adjustments and debit valuation adjustments.

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37 Group enterprises

The consolidated financial statements aggregate financial information from the following entities:

Subsidiarie

The table below sets out the subsidiaries and their shareholding structure at 31 December:

	Direct controlli	_	Effective ownersh Calık Ho	ip interest of lding and its	
	Çalık Holding and it	Çalık Holding and its subsidiaries		Subsidiaries	
Company name	2020	2019	2020	2019	
Adacami Enerji (1)	99,95	99,95	95,38	95,38	
Akılcı Bilişim (1)	70,00	70,00	66,76	66,76	
Aktifbank	99,43	99,43	99,87	99,87	
Akuamarin (6)	100,00	100,00	99,87	99,87	
Akyarlar (6)		100,00		99,87	
Albatros (6)		100,00		99,87	
Albtelecom (5)	80,27	80,27	74,78	74,78	
Amethyst (8)	100,00	100,00	99,29	99,29	
Ametist Solar (6)	100,00	100,00	99,87	99,87	
Ant Enerji (1)	100,00	100,00	95,42	95,42	
Artmin (8)	70,00	70,00	69,50	69,50	
Atayurt İnşaat (1)	99,50	99,50	95,20	95,20	
Attivo (6)	90,00	90,00	89,88	89,88	
Aytaşı (6)	100,00	100,00	99,87	99,87	
BKT Kosova (7)	100,00	100,00	100,00	100,00	
BKT (7)	100,00	100,00	100,00	100,00	
Başak Yönetim	100,00	100,00	100,00	100,00	
Calik Denim B.V. (3)	100,00	100,00	99,72	99,72	
CE Solaire 1 (1)	95,00		90,65		
CE Solaire 2 (1)	95,00		90,65		
Cetel Telekom	93,16	93,16	93,16	93,16	
Çalık Alexandria (3)	94,00	94,00	99,72	99,72	
Çalık Denim	99,72	99,72	99,72	99,72	
Çalık Dijital	100,00	100,00	100,00	100,00	
ÇEDAŞ (1)	99,90	99,90	95,38	95,38	
Çalık Enerji Dubai (1)	100,00	100,00	95,42	95,42	
Çalık Enerji	95,42	95,42	95,42	95,42	
Çalık Enerji Swiss A.G. (1)	100,00	100,00	95,42	95,42	
Çalık Finansal Hizmetler	100,00	100,00	100,00	100,00	
Çalık Georgia (1)	100,00	100,00	95,42	95,42	
Çalık Güneş (*)	, 	100,00		95,42	
Çalık Hava	100,00	100,00	100,00	100,00	
Çalık İnşaat ⁽²⁾	99,95	99,95	98,90	98,90	
Çalık NTF (**)		100,00		95,42	
Çalık Pamuk	86,39	86,39	86,39	86,39	
Çalık Rüzgar ⁽¹⁾	95,00	95,00	90,65	90,65	
Çalık Solar ^(*)		97,50		97,50	
Çalık Tarım ⁽⁹⁾	100,00	100,00	86,39	86,39	
Çalık Yenilenebilir (*)		100,00		95,42	

Çalık Holding Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2020

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

37 Group enterprises (continued)

Subsidiaries (continued)

	Direct controll		Effective owner	
Commence	Çalık Holding and it		Çalık Holding and	
CEDVAS (**)	2020	2019	2020	2019
ÇEDYAŞ (**)	100.00	100,00	00.07	95,42
Çiğdem (6)	100,00	100,00	99,87	99,87
ÇL Enerji (1)	50,00	50,00	47,71	47,71
Çöl Yıldızı ⁽⁶⁾		100,00		99,87
Defne (6)	100,00	100,00	99,87	99,87
Demircili (1)	85,00	85,00	81,11	81,11
Deniz Güneş Enerjisi (6)	100,00	100,00	99,87	99,87
Deniz Yıldızı (6)		100,00		99,87
Duru (6)	100,00	100,00	99,87	99,87
E-Kent (6)	100,00	100,00	99,87	99,87
Eko Biokütle (6)	100,00	100,00	99,87	99,87
Emlak Girişim (6)	100,00	100,00	99,87	99,87
Energy Sabz Arman (1)		100,00		95,42
Energy Sabz Pouya (1)		100,00		95,42
E-Post (6)	99,86	99,86	99,87	99,87
Esen (6)	100,00	100,00	99,87	99,87
Gap Construction Co. (2)	100,00	100,00	98,91	98,91
Gap İnşaat Katar (2)	100,00	100,00	98,91	98,91
Gap Elektrik (***)		89,96		99,93
Gap İnşaat Sudan (2)	80,00	80,00	98,22	98,22
Gap İnşaat Dubai (2)	100,00	100,00	98,91	98,91
Gap İnşaat Ukraine (2)	99,00	99,00	97,92	97,92
Gap İnşaat	98,90	98,90	98,91	98,91
Gap Pazarlama	99,43	99,43	99,43	99,43
Gap Pazarlama FZE (4)	100,00	100,00	99,43	99,43
Gappa ⁽⁴⁾	100,00	100,00	99,43	99,43
Gap Yapı (****)		98,90		98,91
Gelincik (6)	100,00	100,00	99,87	99,87
Gök Safir ⁽⁶⁾		100,00		99,87
Güneştaşı (6)	100,00	100,00	99,87	99,87
Hamerz Green Energy (1)		98,00		95,42
Innovative Construction (2)	100,00	100,00	98,91	98,91
Irmak Yönetim	100,00	100,00	100,00	100,00
İkideniz Petrol	99,99	99,99	99,99	99,99
İnovaban İnovasyon (6)	67,00	67,00	66,91	66,91
İpek (6)	100,00	100,00	99,87	99,87
JSC Georgia (1)	85,00	85,00	81,11	81,11
Kadıkalesi (6)		100,00	01,11	99,87
Kamelya (6)		100,00		99,87
Kaplan Gözü ⁽⁶⁾	100,00	100,00	99,87	99,87
Kasımpatı (6)	100,00	100,00	99,87	99,87
Kasımpan (*) Kentsel Dönüşüm (2)	99,00			
Kırlangıç (6)	99,00	99,00	98,67	98,67
		100,00	04.96	99,87
Kızılırmak (1)	99,30	99,30	94,86	94,86
Kızılyıldızı ⁽⁶⁾	100.00	100,00	00.07	99,87
Kuvars ⁽⁶⁾	100,00	100,00	99,87	99,87 99,87
Kuzey Yıldızı (6)		100,00		

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Çalık Holding Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2020

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

Group enterprises (continued)

Subsidiaries (continued)

Company name Lapis ⁽⁶⁾	Direct controlling interest of Çalık Holding and its subsidiaries 2020 2019		Effective ownership interest of Çalık Holding and its Subsidiaries 2020 2019	
	Leylak ⁽⁶⁾	100,00	100,00	99,87
Lidya Aurasia ⁽⁸⁾	100,00		99,29	
Lidya Maden	99,28	99,28	99,29	99,29
Lilyum (6)	100,00	100,00	99,87	99,87
Malatya Boya ⁽³⁾	100,00	100,00	99,72	99,72
Martı (6)	100,00	100,00	99,87	99,87
Mayestan Clean Energy (1)		100,00		95,42
Mehtap ⁽⁶⁾	100,00	100,00	99,87	99,8
Mercan ⁽⁶⁾	100,00	100,00	99,87	99,8
Momentum Enerji (1)	100,00	100,00	95,42	95,42
Mükafat Portföy (6)	80,00	80,00	79,89	79,89
Nilüfer ⁽⁶⁾	100,00	100,00	99,87	99,87
N-Kolay ⁽⁶⁾	90,04	90,04	89,92	89,92
Nouvelle Frontiere (8)	100,00	100,00	99,29	99,2
Olimpos (*)		73,42		96,6
Olivin (6)		100,00		99,8
Oniki Teknoloji ⁽⁶⁾	100,00	100,00	99,87	99,8
Oniks (6)	100,00	100,00	99,87	99,8
Onyx ⁽¹⁾	100,00	100,00	95,42	95,4
Opal ⁽⁶⁾	100,00	100,00	99,87	99,8
Pasifik (*)		73,13		96,6
Passo Spor ⁽⁶⁾	75,00	100,00	74,90	99,8
Pavo (6)	100,00	100,00	99,87	99,8
Petrotrans Enerji (*****)		99,92		99,9
Polimetal Madencilik (8)	100,00	50,00	99,29	49,6
Polimetal Mineral (8)	100,00	100,00	99,29	99,2
Saudi Jalik Energy Company (1)	100,00	100,00	95,42	95,4
Sedef (6)		100,00		99,8
Seher ⁽⁶⁾	100,00	100,00	99,87	99,8
Seher Yıldızı (6)		100,00		99,8
Sembol Enerji (*)		100,00		100,0
Sigortayeri (6)	100,00	100,00	99,87	99,8
Synchron ⁽⁴⁾	100,00	100,00	99,43	99,4
Tanyeri (6)	100,00	100,00	99,87	99,8
Taşkent Merkez (1)	100,00	100,00	95,42	95,4
TCB İnşaat ⁽¹⁾	100,00	100,00	95,42	97,5
Technological Energy (1)	100,00	100,00	95,42	95,4
Technovision (1)	99,99	99,99	95,41	95,4
Tura Moda ⁽⁴⁾	100,00	100,00	99,43	99,4
Turkuvaz ⁽⁶⁾	100,00	100,00	99,87	99,8
Türkmen Elektrik ⁽¹⁾	95,50	95,50	92,63	92,6
Ufuk ⁽⁶⁾	100,00	100,00	99,87	99,8
UPT (6)	100,00	100,00	99,87	99,8
UPT Lithuania ⁽⁶⁾	100,00	100,00	99,87	99,8
Uztur (1)	100,00	100,00	95,42	95,42
White Construction N.V (2)	100,00	100,00	98,91	98,9

Çalık Holding Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2020

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

Group enterprises (continued)

Subsidiaries (continued

Company name	Direct controlling interest of Çalık Holding and its subsidiaries		Effective ownership interest of Çalık Holding and its Subsidiaries	
	2020	2019	2020	2019
Workindo (6)	33,33		65,10	
Yakamoz ⁽⁶⁾	100,00	100,00	99,87	99,87
Yakut (6)		100,00		99,87
Yalıkavak (6)		100,00		99,87
Yeşilçay Enerji (1)	100,00	100,00	95,42	95,42
YEDAŞ (1)	100,00	100,00	95,38	95,38
YEPAŞ (1)	100,00	100,00	95,38	95,38
Zirkon (6)		100,00		99,87

^(*) The company merged with Momentum Enerji Elektrik Üretim San. Ve Tic A.Ş..

Joint ventures

The table below sets out the joint ventures and their shareholding structure at 31 December:

	Direct controlling interest of Çalık Holding and its subsidiaries		Effective ownership interest of Çalık Holding and its Subsidiaries	
	2020	2019	2020	2019
Çalık-Biskon	50,00		47,71	
Çalık Limak Adi Ortaklığı	50,00	50,00	47,69	47,69
Denge-Çalık	50,00		47,71	
Doğu Aras	50,00	50,00	47,71	47,71
HMC Digital	33,33		33,29	
Kartaltepe	50,00	50,00	49,64	49,64
KÇLE	50,00	50,00	47,71	47,71
LC Electricity	50,00	50,00	46,31	46,31
Tunçpınar	50,00	50,00	49,64	49,64

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Çalık Holding Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2020

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

Group enterprises (continued)

Associates

The table below sets out the associates and their shareholding structure at 31 December:

	Direct controlling interest of Çalık Holding and its subsidiaries		owners	Effective hip interest of
			Çalık Holding and its Subsidiaries	
Şirket adı	2020	2019	2020	2019
Aktif VKŞ	100,00	100,00	99,87	99,87
Albania Leasing	29,99	29,99	29,99	29,99
Balkan Dokuma	31,00	31,00	31,00	31,00
CYDEV Investment	99,99	99,99	25,53	25,53
Dome Zero	1,98	1,98	1,98	1,98
Emyap Development	51,00	51,00	13,02	13,02
ELC	36,71	36,71	36,66	36,66
Euro-Mediterranean	25,57	25,57	25,54	25,54
Halk Yenilenebilir	50,00	50,00	49,93	49,93
TJK	34,80	34,80	34,70	34,70
Haliç Leasing	32,00	32,00	31,96	31,96
Idea Farm	30,00	30,00	29,96	29,96
Kazakhstan Ijara Company KIC Leasing	14,32	14,32	14,30	14,30
Kıbrıs Besicilik	99,99	99,99	25,53	25,53
Secom Aktif Elektronik	100,00	100,00	49,93	49,93
Secom Aktif Yatırım	50,00	50,00	49,93	49,93
Serdar Pamuk	10,00	10,00	10,00	10,00
Silent Valley	51,00	51,00	13,02	13,02
TTK	32,00	32,00	32,00	32,00

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38 Subsequent events

None.

^(**) The company merged with Çalık Enerji Sanayi ve Ticaret A.Ş..

^(***) The company merged with TCB İnşaat Yatırım A.Ş..

^(****) The company merged with Gap İnşaat A.Ş..

^(*****) The company merged with Çalık Holding A.Ş..

¹First consolidated under Çalık Enerji, then consolidated under the Group

 $^{^2\,}First$ consolidated under Gap İnşaat, then consolidated under the Group

 $^{^3\}mathit{First}$ consolidated under Çalık Denim, then consolidated under the Group

⁴ First consolidated under Gap Pazarlama, then consolidated under the Group

⁵ First consolidated under Cetel Telekom, then consolidated under the Group ⁶ First consolidated under Aktifbank, then consolidated under the Group

⁷ First consolidated under Çalık Finansal Hizmetler, then consolidated under the Group

⁸ First consolidated under Lidya Maden, then consolidated under the Group

⁹ First consolidated under Çalık Pamuk, then consolidated under the Group

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